SOVIET OCCUPATION OF ROMANIA, HUNGARY, AND AUSTRIA 1944/45–1948/49

EDITED BY CSABA BÉKÉS, LÁSZLÓ BORHI, PETER RUGGENTHALER, OTTMAR TRAŞCĂ

CEU PRESS

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Table of Contents

Foreword ..... *xi*

Introduction *1*

Documents *29*

ROMANIA

DOCUMENT No. 1: Memorandum on Atrocities Committed by Soviet Troops, September 12, 1944 ..... *31*

DOCUMENT No. 2: Note on Soviet Abuses, September 13, 1944 ..... *35*

DOCUMENT No. 3: Romanian–Soviet Memorandum regarding Romanian Participation in the War against Germany and Hungary, September 28, 1944 ..... *39*

DOCUMENT No. 4: Report No. 30.001 from the Intelligence Service (SI) of the War Ministry Presented to the Minister of War, General Mihail Racovitză, on the Surveillance of the SI's Activities and Personnel by Special Soviet Authorities, October 4, 1944 ..... *44*

DOCUMENT No. 5: Romanian Note to the ACC regarding the Implementation of the Armistice Agreement, November 11, 1944 *47*

DOCUMENT No. 6: Report on the Interrogation of Intelligence Officers by SMERSH regarding Romanian Intelligence Activities on the Eastern Front, October 12, 1944 ..... *50*

DOCUMENT No. 7: Letter by the Deputy Chairman of the Allied Control Commission in Romania, Lieutenant-General V.P. Vinogradov, to the President of the Council of Ministers, Army Corps Adjutant General Constantin Sănătescu, regarding the Armistice Agreement, November 2, 1944 ..... *53*

DOCUMENT No. 8: Note by Marshal Rodion Malinovskii on the Administration of Northern Transylvania, November 20, 1944 57
DOCUMENT No. 9: Order of the Allied Control Commission in Romania on Relations between the Red Army and the Romanian Authorities, November 29, 1944 58
DOCUMENT No. 10: Note regarding Conduct of Police and Gendarmerie Personnel vis-à-vis Representatives of the Soviet Armed Forces, February 2, 1945 60
DOCUMENT No. 11: Note by Chief of Staff Army Corps Adjutant General Constantin Sănătescu to Lieutenant-General Vinogradov regarding Disarmament of Romanian Units, March 5, 1945 63
DOCUMENT No. 12: Report to L.P. Beria on the Political Situation in Romania, March 5, 1945 65
DOCUMENT No. 13: Agreement of Economic Cooperation between the Kingdom of Romania and the Union of Soviet Socialist Republics, May 8, 1945 70
DOCUMENT No. 14: Memorandum of Agreement on Economic Cooperation between the Kingdom of Romania and the USSR, May 8, 1945 75
DOCUMENT No. 15: Romanian Position on the Establishment of a Joint Romanian-Soviet Timber Company, Undated [1945] 81
DOCUMENT No. 16: Note by General Vinogradov to Minister of Internal Affairs Teohari Georgescu regarding the Quartering of Soviet Troops, December 6, 1945 86
DOCUMENT No. 17: Meeting of the Council of Ministers regarding the Establishment of the Soviet-Romanian Forestry Company, February 14, 1946 88
DOCUMENT No. 18: Report of the Meeting between Stalin and the Romanian Communist Party Leaders on the Situation in Romania, April 2–3, 1946, Moscow, April 2–3, 1946 102
DOCUMENT No. 19: Transcript of Meeting of Romanian–Soviet Commission of Economic Cooperation, January 28, 1947 119
DOCUMENT No. 20: Aide-memoire Drafted by British Oil Companies Operating in Romania [Excerpt], April 15, 1947 124
DOCUMENT No. 21: Note regarding Soviet Claims on Formerly German-Owned Insurance Companies, April 1948 126
DOCUMENT No. 22: Soviet and Romanian Speeches Delivered on the Occasion of Signing Agreements on Joint Soviet–Romanian Companies in Bucharest, November 1, 1948 128

DOCUMENT No. 23: Founding the Soviet–Romanian Film Company, Sovrom Film, August 9, 1947 134
DOCUMENT No. 24: Transcript of CC Romanian Workers' Party Session regarding the Fate of Sovroms [Excerpts], March 7, 1953 138

HUNGARY

DOCUMENT No. 25: Letter by the Archbishop of Szatmár to the Apostolic Nuncio on Soviet Deportations from Hungarian Territory, January 25, 1945 145
DOCUMENT No. 26: Letter by the Lord Lieutenant of Szabolcs and Ung Counties to the Minister of Interior on the Roundup of Civilians, January 25, 1945 150
DOCUMENT No. 27: Letter to the Foreign Ministry on Behalf of an Individual Deported by the Soviets, Undated [1945] 153
DOCUMENT No. 28: Letter to the Foreign Ministry regarding the Soviet Deportation of Civilians, Undated [1945] 154
DOCUMENT No. 29: Report to the Sixth Hungarian Army Headquarters on Soviet Deportations, May 24, 1945 156
DOCUMENT No. 30: Note regarding Soviet Removal of United Incandescent Bulb and Electrical Company, June 22, 1945 158
DOCUMENT No. 31: Memorandum by the Allied Control Commission regarding Provisions for the Red Army for the Fourth Quarter of 1945, Undated [1945] 163
DOCUMENT No. 32: The Hungarian Foreign Ministry's Note Verbale to the ACC and Georgii Pushkin, the Soviet Representative in Hungary, July 9, 1945 169
DOCUMENT No. 33: Note by the Ministry of Defense Requesting Foreign Ministry Intervention on Behalf of Deported Persons, August 1, 1945 171
DOCUMENT No. 34: Agreement on the Establishment of Hungarian–Soviet Bauxite-Aluminum Companies, April 8, 1946 172
DOCUMENT No. 35: Report of Mátyás Rákosi at the Meeting of the HCP Central Committee, May 17, 1946 185
DOCUMENT No. 36: Note by the Supreme Economic Council on Provisioning and Quartering the Soviet Army, November 19, 1946 222
DOCUMENT No. 37: Memorandum on the Economic and Financial Situation of Hungary, May 17, 1947 225

DOCUMENT No. 38: Memorandum on Expenses Related to the Maintenance of the Soviet Army, March 8, 1948 240

DOCUMENT No. 39: Transcript of Soviet–Hungarian Negotiations regarding Payment of Services Rendered for the Soviet Occupation Forces, May 1949 242

DOCUMENT No. 40: Briefing by the Main Administration of Prisoners of War and Internees of the Interior Ministry of the Soviet Union on Hungarian Prisoners of War, December 20, 1949 248

AUSTRIA

DOCUMENT No. 41: NKVD Decree regarding Struggle against Saboteurs, Spies, and Bandits, [April 28, 1942] 253

DOCUMENT No. 42: Report by M.M. Litvinov to V.M. Molotov regarding the Soviet Position on Germany and Its Allies in Europe [Excerpts], October 9, 1943 255

DOCUMENT No. 43: Appeal by Austrian Prisoners of War in the USSR to the Austrian People, January 1945 260

DOCUMENT No. 44: Speech by NKVD Brigadier I. Pavlov regarding Espionage Activity, March 1945 262

DOCUMENT No. 45: Stavka Directive on the Publication of an Appeal to the Austrian Public, April 2, 1945 271

DOCUMENT No. 46: Stavka Directive on Karl Renner, April 4, 1945 273

DOCUMENT No. 47: Report by L. Beria to G. Malenkov on the Austrian Oil Industry, April 13, 1945 274

DOCUMENT No. 48: Telegram by Marshal F. Tolbukhin to I.V. Stalin regarding a Temporary Government for Austria, April 15, 1945 276

DOCUMENT No. 49: Telegram by Fyodor Tolbukhin to I.V. Stalin on Meeting with Karl Renner, April 21, 1945 279

DOCUMENT No. 50: Operational Plan for Securing Rear of the Third Ukrainian Front by NKVD Troops [Excerpts], May 3, 1945 280

DOCUMENT No. 51: NKVD Order regarding Alcohol Abuse by Red Army Personnel, May 13, 1945 282

DOCUMENT No. 52: Minutes of Meeting of Soviet Military Representatives and Communist Members of the Austrian Government, May 16, 1945 284

DOCUMENT No. 53: Order by the Fourth Guard Army regarding Summer Routine, May 21, 1945 291

DOCUMENT No. 54: NKVD Report on the Investigation and Arrest of Austrians, June 4, 1945 293
DOCUMENT No. 55: NKVD Directive regarding Ideological Training among the Third Ukrainian Front Staff, July 4, 1945 298
DOCUMENT No. 56: A. Vyshinskii's Telegram to Marshal Konev regarding Elections in Austria, November 21, 1945 300
DOCUMENT No. 57: Draft Decree by the Council of Ministers on the Transfer of Austrian Assets to the Soviet Union, March 1946 301
DOCUMENT No. 58: Memorandum by Kiselev on the Political Situation in Austria, June 5, 1946 306
DOCUMENT No. 59: Report on the Moral Discipline of MVD Troops in Austria, October 10, 1946 318
DOCUMENT No. 60: Letter from the Chief of GUPVI M. Krivenko, to the Minister of the Interior, S. Kruglov, on the Repatriation of 5,000 Austrians, January 20, 1947 326
DOCUMENT No. 61: From the Personal File of an Austrian POW, February 9, 1947 328
DOCUMENT No. 62: The GOSPLAN's Report to V. Molotov on Dismantling in Austria, March 7, 1947 330
DOCUMENT No. 63: Order by the Deputy Minister of the Interior, I. Serov, on the Repatriation of Austrian POWs, November 8, 1947 332
DOCUMENT No. 64: Military Order by the Central Army Group Command on the Burial of Soviet Troops Killed in Action, November 13, 1947 336
DOCUMENT No. 65: Report by the Military Commander of Burgenland on Family Members of Military Personnel, January 20, 1948 339
DOCUMENT No. 66: Final Report by the Soviet Section of the AC on Austria for 1947—Summary, Undated [not before January 1948] . 340
DOCUMENT No. 67: Record of Conversation between A.A. Zhdanov and the Leader of the Communist Party of Austria, Johann Koplenig, and Friedl Fürnberg, February 13, 1948 346
DOCUMENT No. 68: Report by Smirnov to A. Vyshinskii on the Soviet Position on the Austrian Treaty, Undated [after May 6, 1948] 353
DOCUMENT No. 69: Resolution by the Council of Ministers of the Politburo of the CC of the VKP(b), on the Repatriation of Austrian POWs, June 23, 1948 355
DOCUMENT No. 70: Report on Setting up a Christmas Tree at the Soviet Command Post in Rohrbach, January 4, 1949 358

DOCUMENT No. 71: Report by V. Merkulov to I.V. Stalin on the Employment of Experts after Foreign Assignment, June 11, 1949 360
DOCUMENT No. 72: Report by V. Merkulov to I.V. Stalin on the Value of Oil Deposits in Austria, September 23, 1949 362
DOCUMENT No. 73: Report by A. Gromyko to I. Stalin on the Status of Negotiations on the Austrian State Treaty, October 21, 1949 363
DOCUMENT No. 74: Resolution by the CC CPSU Politburo on the Interruption of Austrian State Treaty Talks, October 24, 1949 366
DOCUMENT No. 75: Report by the Soviet Political Representative in Austria, A. Koptelov, on the Effect of the Marshall Plan on Austria, June 10, 1950 367

Index of Geographical Names 379
Index of Personal Names 385

Foreword

This documentary collection on the Soviet occupation of Romania, Hungary, and Austria is the result of an academic collaboration between many historians from these three countries. It can be traced back to a conference sponsored by the Ludwig Boltzmann Institute for Research on War Consequences, Graz/Vienna (director: Stefan Karner), and the Center Austria of the University of New Orleans (director: Günter Bischof) and held at the Austrian Cultural Forum in Budapest in June 2010 under the patronage of the Austrian ambassador, Michael Zimmermann, and the then-head of the Austrian Cultural Forum, Elisabeth Kornfeind. The editors owe their thanks in particular to these two institutions, which promoted the conference and supported the research initiative to make a comparative study of the Soviet period of occupation in Romania, Hungary, and Austria. Historians from all three countries met at the conference and discussed the topic in accordance with five aspects: political developments in the context of Soviet foreign policy following World War II; Soviet economic policy; the role of the Red Army (from 1946 officially the Soviet Army); the role of the Soviet intelligence service; and the policy towards prisoners of war.

At the conference the idea emerged to collect the insights gained during the partial opening of archives over the last two decades and publish them in an English-language book, in order to make the research results available to a broader audience. As a printed publication was lacking up to that point, the editors decided to undertake this. Its realization would not have been possible without the support of the "Zukunftsfonds" of the Republic of Austria. Particular thanks must go to the president, Kurt Scholz, and the general secretary, Herwig Hösele, as well as the former president, Waltraud Klasnic. Further thanks are due to the current head of the

Austrian Cultural Forum in Budapest, Susanne Bachfischer, who continued to support the project generously.

The documentary collection is divided into three parts. The section on Romania contains 24 documents, while the part on Hungary is made up of 17 documents, and 36 documents are published on Austria. The endpoint was selected in the case of Romania and Hungary as the systemic transformation that concluded in 1948. In the case of Austria, it made sense to select the abandonment of negotiations on the State Treaty in October 1949, as it marked the transition to a longer-term occupation of Austria.

All documents are briefly introduced. More detailed information and explanatory notes on the documents are provided in the footnotes. The four editors are responsible for the content of the introductory text.

The editors thank the members of the editorial board for their valuable contribution to this volume: Florian Banu (National Council for Study of the Former Securitate Archives, Bucharest), Dorin Dobrincu (A.D. Xenopol Institute of History of the Romanian Academy of Sciences, Iaşi), Claudiu Secaşiu and Virgiliu Țârău (National Council for Study of the Former Securitate Archives, Bucharest), Magdolna Baráth (Historical Archives of the Hungarian State Security), Tamás Stark (Institute of History of the Hungarian Academy of Sciences), Stefan Karner, Barbara Stelzl-Marx, Dieter Bacher, Walter M. Iber, and Harald Knoll (Ludwig Boltzmann Institute for Research on War Consequences, Graz/Vienna). We would also like to thank Brandon Keene of New Orleans for his help in the final phase of the book production.

The editors

Introduction

Csaba Békés, László Borhi, Peter Ruggenthaler, Ottmar Trașcă

The fate of Eastern Europe after World War II was decided by the Soviet Union alone. Great Britain and the United States had no influence on the Soviets; Eastern Europe was Soviet military, political, and economic space from the outset. The undoing of the *cordon sanitaire* that had been installed after World War I against the Soviet Union and Germany was Stalin's top priority. Stalin indeed had no master plan for the construction of an "Eastern bloc," but Eastern Europe's Sovietization was a foregone conclusion, and this was uninfluenced by Anglo-American actions. There was no timeline for the establishment of Soviet-type regimes; the pace varied country by country. The strategies were varied and flexible. Stalin avoided excessive risks and was ready to pull back a step or two in order not to lose achievements, but this never put into question his main goal: the enlargement of the Soviet sphere of influence in Europe and the most important issue—the permanent weakening of Germany. Never again, he felt, should Germany be able to attack the Soviet Union. Previous Cold War historiography failed to distinguish between two distinct, albeit interrelated, political processes. One was the creeping introduction of Soviet-type regimes; the other, Soviet imperial expansion. Even before the political systems were Bolshevized, East-Central Europe had become Soviet military and economic space. The urgency of economic colonization is shown by the fact that the Soviet-Romanian economic agreement, which delivered large chunks of the Romanian economy into Soviet ownership, was signed on May 8, 1945—Victory Day in Europe. Besides the establishment of an economic empire, Moscow extended the Soviet Union's military borders into the occupied territories in Europe. Imperial expansion, in turn, furthered the goal of Sovietization.

Stalin's aim was not merely to prevent great power centers from emerging on the European continent. First and foremost, he wanted to forestall Germany's rapid re-strengthening after the war.[1] Germany had to be permanently weakened and rendered harmless. There was no master plan to achieve this, but there were strategies, which Stalin altered depending on the situation, that later allowed him to appear to be a cunning tactician (assisted by his confidante Vyacheslav Molotov). Stalin was aware that Germany could not be destroyed ("Hitlers come and go, but the German people, the German state, will remain").[2] His experiences after World War I, when Germany was politically and militarily devastated and yet within a few years became so strong again, were Stalin's most important motivation for weakening the German Reich, from which Austria ultimately profited by becoming independent. At the Foreign Ministers' Conference in Moscow in 1943, Austria was declared the "first victim" of Nazi Germany by the Soviet Union, Great Britain, and the United States. They felt it should be re-established as a separate state—to refuse the strongly held Austrian desire of the interwar period to unite with Germany. All other (Western) plans for a Danubian-Balkan federation were rejected by the Soviets, as they were diametrically opposed to Moscow's great power interests in East-Central Europe.[3]

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[1] Vladislav Zubok, *A Failed Empire: The Soviet Union from Stalin to Gorbachev* (Chapel Hill: University of North Carolina Press, 2007); Jochen Laufer, "Die UdSSR und die Zoneneinteilung Deutschlands (1943/44)," *Zeitschrift für Geschichtswissenschaft* 43 (1995): 309–331, here 311.

[2] On Soviet planning for Germany, see, among others, Alexej Filitow, "Stalins Deutschlandplanung und -politik während und nach dem Zweiten Weltkrieg," in *50 Jahre sowjetische und russische Deutschlandpolitik sowie ihre Auswirkungen auf das gegenseitige Verhältnis*, eds. Boris Meissner and Alfred Eisfeld (Berlin: Duncker und Humblot, 1999), 43–54; Jochen Laufer, "Der Friedensvertrag mit Deutschland als Problem der sowjetischen Außenpolitik. Die Stalin-Note vom 10. März 1952 im Lichte neuer Quellen," *Vierteljahrshefte für Zeitgeschichte*, vol. 52 (1/2004): 99–118, here 103; Aleksei M. Filitov, "SSSR i germanskii vopros: Povorotnye punkty (1941–1961gg.)," in *Kholodnaya Voina 1945–1963gg. Istoricheskaya retrospektiva. Sbornik statei*, eds. N.I. Egorova and A.O. Chubar'yan (Moscow: Olma-Press, 2003), 223–256, here 225.

[3] Aleksej Filitov, "Sowjetische Planungen zur Wiedererrichtung Österreichs 1941–1945," in *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–1955. Beiträge*, eds. Stefan Karner and Barbara Stelzl-Marx (Graz: Oldenbourg, 2005), 27–37; Peter Ruggenthaler, "Warum Österreich nicht sowjetisiert werden sollte," in ibid., 61–87; Wolfgang Mueller, *Die sowjetische Besatzung in Österreich 1945–1955 und ihre politische Mission* (Vienna: Böhlau, 2005); Barbara Stelzl-Marx, *Stalins Soldaten in Österreich. Die Innensicht der sowjetischen Besatzung 1945–1955* (Vienna: Böhlau, 2012), 33–39, 87–92.

Soviet motivations were complex. Eastern Europe was of course a "war trophy" and provided security. But the Soviet Union was scrambling for parts of *Mitteleuropa* even before the war began. The separation of ideology and pragmatism would be artificial. Both were present in Soviet policies and reinforced each other. The function of Eastern Europe in the Soviet empire in the early 1950s helps explain why Stalinist regimes were imposed. The vassal states lost their sovereignty and functioned as client states offering military, economic, and political services to the imperial center. The communist leaderships in Eastern Europe performed them out of ideological conviction.

We can assume that Stalin would have maintained the alliance with the United States and the United Kingdom if these two had accepted without protest the brutal Soviet approach in Eastern Europe. For security reasons alone, Stalin was interested in maintaining the alliance with the United States and the United Kingdom after the war had ended.[4] As later events would show, when the Soviets had to choose between continued cooperation with the West and unbridled control of East-Central Europe, they opted for the latter. The Soviet leadership furthermore hoped for additional U.S. aid and deliveries in order to provide assistance in reconstruction. Yet Stalin miscalculated considerably when—following Roosevelt's assurance in Yalta that the United States would quickly withdraw from Europe, as it had done after World War I—he assumed that the United States would in fact leave the entire continent to the hegemony of the USSR.[5] Stalin's approach in Eastern Europe, however, and especially in Germany, increasingly aroused the concerns of London and Washington that the USSR was looking to expand. The case of Poland made the revolutionary imperialism of the Soviet power particularly clear.[6]

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[4] On this, see, above all, the works of the Russian historian Vladimir Pechatnov. Most recently: V.O. Pechatnov, *Stalin, Ruzvel't, Trumen: SSSR i SShA v 1940-kh gg. – Dokumental'nye ocherki* (Moscow: Terra, 2006); Vladimir Pechatnov, *The Allies are Pressing on You to Break Your Will… Foreign Policy Correspondence Between Stalin and Molotov and Other Politburo Members, September 1945–December 1946*. CWIHP. Working Paper No. 26 (Washington, DC: Woodrow Wilson Center, 1999).Vladimir Pechatnov, "'Soyuzniki nazhimayut na tebya dlya togo, chtoby slomit' u tebya volyu…'. Perepiska Stalina s Molotovym i drugimi chlenami Politbyuro po vneshnepoliticheskim voprosam v sentyabre-dekabre 1945g.)," *Istochnik* (2/1999): 70–85, 78.

[5] Ibid., 75. On Yalta, see recently S.M. Plokhy, *Yalta: The Price of Peace* (New York: Viking Press, 2010).

[6] On Poland, see Anthony Kemp-Welch, *Poland under Communism: A Cold War History* (Cambridge: Cambridge University Press, 2008).

How flexible was Stalin's policy toward Eastern Europe and, especially, Germany with regard to finding a balance with the West? It is clear that Stalin's foreign policy neither sought aggressively to export world revolution nor possessed a merely defensive character that only considered the security of the USSR. Its clear objective, however, was the expansion of the Eastern Bloc in order to consolidate the rule and political system of the Soviet Union. In realizing his foreign policy goals and in the application of his policy of subjugation, Stalin proceeded gradually and cautiously.[7] The security-political interests of the Soviet Union were satisfied by creating a "security belt" and went hand-in-hand with an export of revolution that was never unconditionally risky and the imperialist strengthening of Soviet power.[8] Stalin was in no way the "gravedigger" of world revolution.

In order to understand Stalin's foreign policy toward the Eastern Bloc, one must consider several aspects that have been consolidated by recent studies.[9] Alongside the creation of a "security zone" and the removal of governments hostile to the USSR in the Eastern Bloc countries, the zone constituted the best way "to obtain economic benefits from the region, initially in the form of reparations and resource extraction."[10] It must be kept in mind that for the Soviet leadership, Eastern Europe was also an operational base for the future expansion of the rule and system of the Soviet Union to France, Italy, and other Western European countries. The power vacuum that emerged in Central Europe following the end of World War II was filled by the Soviet Union. Its military presence constituted the basis for the sup-

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[7] Stefan Creuzberger and Manfred Görtemaker, "Das Problem der Gleichschaltung osteuropäischer Parteien im Vergleich. Eine Synthese," in *Gleichschaltung unter Stalin?* eds. Creuzberger and Görtemaker, 419–434; Eduard Mark, *Revolution by Degrees: Stalin's National-Front Strategy for Europe, 1941–1947.* CWIHP. Working Paper No. 31 (Washington, DC: Woodrow Wilson Center, 2001).

[8] In the mid-1990s Zubok and Pleshakov coined the term "revolutionary-imperialism paradigm" (world revolution on the basis of imperial policies by strengthening Soviet power). According to this, there was no contradiction between the promotion of the export of revolution and the construction of a powerful Soviet empire on the basis of geopolitical security interests. See Vladislav Zubok and Constantine Pleshakov, *Inside the Kremlin's Cold War: From Stalin to Khrushchev* (Cambridge, MA: Harvard University Press, 1996).

[9] Mark Kramer, "Stalin, Soviet Policy, and the Consolidation of a Communist Bloc in Eastern Europe, 1944–1953," in *Stalinism Revisited: The Establishment of Communist Regimes in East-Central Europe*, ed. Vladimir Tismaneanu (Budapest–New York: CEU Press, 2009), 50–102.

[10] For this and the following, ibid., 58–71.

port of communists faithful to Moscow and for the subsequent communist takeovers in the individual countries.

The approach toward Eastern Europe exhibited for a long time by the Western powers, above all the "percentages agreement" with Churchill in October 1944 in Moscow, as well as Roosevelt's announcement that U.S. troops would be withdrawn from Europe, strengthened the Soviet leadership in the assumption that Washington and London would in principle allow Moscow a free hand in the creation of a security zone. The Western concession of allowing the Red Army to take Prague and Berlin also contributed to this.[11]

This role of the Red Army as the "liberator from the Nazi yoke" was the foundation for Soviet domination in this region, at least in Czechoslovakia, where the political ascendance of the Communist Party occurred during the course of 1947, and in Bulgaria, where local communists implemented a political transformation themselves. In orienting themselves toward Moscow, many—at least temporarily—saw a guarantee of protection against German "revanchism." In a recent article the Czech historian Vít Smetana pointed out that in Czechoslovakia, the policies of President Edvard Beneš and Jan Masaryk "paved the way to the communists on their march to power."[12]

Ultimately, Yugoslavia and Albania, which believed they had liberated themselves from German and Italian occupation, were the only countries able to evade Soviet hegemony. All resistance in other countries was broken by the terror of the Soviet occupiers. Even in eastern Poland, the population suffered enormously under the occupation following the Soviet invasion in 1939 as a consequence of the Hitler-Stalin Pact. In Katyn, Stalin had around 20,000 Polish officers and representatives of bourgeois circles and the intelligentsia murdered. The Soviet army did not come to the assistance of the Polish Home Army (Armia Krajowa) during the Warsaw Uprising against Nazi rule; in fact, the Home Army was the target of Soviet repression. Both in Hungary[13] and in Romania, and particularly in the Soviet

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[11] Pechatnov, *Stalin, Ruzvel't, Trumen: SSSR i SShA v 1940-kh gg.*

[12] Vít Smetana, "Concessions or Conviction? Czechoslovakia's Road to the Cold War and the Soviet Bloc," in *Imposing, Maintaining and Tearing Open the Iron Curtain: The Cold War and East-Central Europe*, eds. Mark Kramer and Vít Smetana (Lanham, MD: Lexington Books, 2013), 55–87.

[13] On Hungary see, above all, László Borhi, *Hungary in the Cold War 1945–1956: Between the United States and the Soviet Union* (Budapest–New York: CEU Press, 2004).

Occupation Zone in Germany[14] and Austria,[15] hardly anyone regarded the Red Army as a liberator with the exception of the Nazi victims. Any popularity of the communist parties in these countries resulted predominantly from their resistance to Nazi rule.[16] Only in Czechoslovakia was there a strong workers' movement, though there was above all—and this was decisive for Stalin—in Edvard Beneš a "bourgeois" president recognized by the entire population. He was prepared to be used by the USSR as a willing political instrument, in exchange for Stalin's readiness to condone and support the expulsion of national minorities from Czechoslovakia, above all the Sudeten Germans and the Hungarians living in Slovakia. In order to achieve these aims, Beneš pledged absolute allegiance and assured Stalin of extensive restructuring measures. In contrast to all other countries, Stalin was thus able to build on a powerful political foundation in Czechoslovakia and could thus forgo the usual occupation regime.[17]

But in general, there was no rush: Marxist thought was teleological, the victory of communism inevitable. The question is why the United States did not even do the small things it might have done to impede or slow down the process of Sovietization and Soviet imperial penetration. Such steps could have included a more consistent policy of non-recognition of the undemocratic East European regimes, a stiffer protection of America's own companies in Eastern Europe against Soviet takeovers and nationalization, political and even financial assistance to democratic political parties, insistence on exercising the rights of the Western powers in the Allied Control Commissions including the collection of economic data, the freedom of western officials to travel into the Soviet zone, etc. Until 1948, when the scope of Sovietization became apparent, the Soviet hegemony in Eastern Europe obviously was not so bad for the United States. Two wars started there in the space of a quarter-century, and the hegemony of a great power in the lands between the Soviet Union and Germany may have seemed more conducive to continental stability and peace than the full restoration of national

[14] Norman M. Naimark, *The Russians in Germany: A History of the Soviet Zone of Occupation, 1945–1949* (Cambridge: Harvard University Press, 1995).

[15] This is also linked to the cases of rapes and lootings. See Stelzl-Marx, *Stalins Soldaten in Österreich*, 408–428, 466–495.

[16] Kramer, *Stalin, Soviet Policy, and the Consolidation of a Communist Bloc in Eastern Europe*, 58–71.

[17] See Gerhard Wettig, "Beneš, Stalin, die Vertreibung der Deutschen und die Sowjetisierung der Tschechoslowakei," in *Jahrbuch für Historische Kommunismusforschung* (2013), 57–89.

independence and sovereignty. This also means that the reasons for the U.S.–Soviet standoff that developed into the Cold War must be sought elsewhere.

Soviet Penetration and the Political Significance of the Occupation of Romania, Hungary, and Austria

The conference in Yalta sanctioned the Molotov–Ribbentrop line and the annexation of the Baltic States on the dubious principle that Soviet security enjoyed primacy over the national self-determination of small states. The Soviets took wartime arrangements seriously. Soviet political and military official Kliment Voroshilov declared of Hungary in 1945: "This is our territory and we shall determine who can enter."[18] In "Vostochnaya Evropa," Soviet Eastern Europe, all states except Czechoslovakia (and Bulgaria after the end of 1947) remained under Soviet military occupation and were amalgamated into the Soviet defensive and economic perimeter. Regarding the Soviet occupation of Austria, there is much to support the view that the USSR systematically delayed the commencement of negotiations on a treaty for Austria,[19] as it was not interested in a swift withdrawal of its troops from Austria. In the peace treaties with Hungary and Romania, the Soviet Union was granted the right to station troops in both countries for the purpose of supplying its occupation troops in Austria.[20] In this way the Soviet Union had stationed tens of thousands of soldiers abroad that it did not have to fund. Romania, Hungary, and Austria had to pay for the costs of occupation, which was another enormous burden on the national budgets and a great relief for the USSR.

The strategic importance of Austria is evident in Soviet files for the first time in April 1945. In Moscow's Foreign Office (People's Commissariat for Foreign Affairs), the significance of the occupation of Austria for the

[18] "Minutes of a Normal Meeting of the ACC, 6 September 1945," in Gergő Cseh Bendegúz, ed., *Documents of the Meetings of the Allied Control Commission in Hungary* (Budapest: MTA Jelenkor-kutató Bizottság, 2000), 78.

[19] Wolfgang Mueller, "Anstelle des Staatsvertrages: Die UdSSR und das Zweite Kontrollabkommen 1946," in Manfried Rauchensteiner and Robert Kriechbaumer, *Die Gunst des Augenblicks: neuere Forschungen zu Staatsvertrag und Neutralität* (Vienna: Böhlau, 2005), 291–320, here 314.

[20] Peter Ruggenthaler, "Warum Österreich nicht sowjetisiert wurde: Sowjetische Österreich-Politik 1945 bis 1953/55," in Karner and Stelzl-Marx, *Die Rote Armee in Österreich*, 649–726, here 709.

maintenance of the Red Army's troop presence in Southeastern Europe was discussed.[21] The significance of this arrangement was clear to the Americans, and it was also a thorn in their side. At the 1946 Paris Conference of Foreign Ministers, the United States sought to conclude a treaty on Austria, which would have led to a Soviet troop withdrawal in Hungary and Romania as well.[22] However, the Americans admittedly did not expect that Stalin would jump on board. This tactical step was far more an attempt to sound out Stalin's intentions on the German question to see whether he would be prepared to abandon his policy of spheres of influence.[23] With Molotov's formal demand for the revision of the Byrnes plan (for Germany's demilitarization and decades-long neutralization), which was then under discussion, and the tactic of promoting the Soviet Union as the defender of German unity, it became clear to the Americans and British that Stalin did not seek an agreement with the Allies over Germany.

Initially, a tactical benefit was thus assigned to the Austrian question—both from the Western and from the Soviet perspective. With the repeated attempts in Paris to raise the Austrian question, the Western side attempted to uncover the Soviet cards.[24] For them it was first and foremost a question of discovering the true intentions of Soviet policy. With this strategy, they really did drive the Soviet Union into a corner. Foreign Minister Molotov was left with no option but to brusquely reject all talks on Austria. He no longer pointed out that Austria was not yet sufficiently "cleansed of fascists" and that the Austrians must be assisted in this matter. Instead, he allowed himself the following remarkable statement: "The USSR will leave its troops in Austria as long as it has the right to do so." Thus from the Soviet perspective, the military presence in Romania and Hungary continued to be secured, and an agreement on the German question was ruled out. This finally became clear to the Western powers in Paris.

In 1947 the Hungarian communist leader Mátyás Rákosi was concerned about a possible withdrawal of Soviet troops from Austria and with this from Hungary. Yet Molotov assured him that the conclusion of

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[21] Stefan Karner and Peter Ruggenthaler, "Stalin, Tito und die Österreich-Frage. Zur Österreichpolitik des Kreml im Kontext der sowjetischen Jugoslawienpolitik 1945 bis 1949," in *Jahrbuch für Historische Kommunismusforschung* (2008), 81–105, here 87–88.

[22] Peter Ruggenthaler, *The Concept of Neutrality in Stalin's Foreign Policy 1945–1953*, Harvard Cold War Studies Book Series (Lanham: Lexington, 2015).

[23] Hanns Jürgen Küsters, *Der Integrationsfriede. Viermächte-Verhandlungen über die Friedensregelung mit Deutschland 1945–1990* (Munich: Oldenbourg, 2000), 278.

[24] For details, see Ruggenthaler, *The Concept of Neutrality*, 75–82.

an Austrian state treaty was not foreseeable in the near future.[25] And in October 1949, the question of troop presence in Hungary and Romania was the decisive reason why Stalin had the negotiations on the Austrian state treaty broken off. As the resolutions of the CPSU Politburo published in this volume demonstrate,[26] Stalin was not prepared in 1949 to please the Yugoslav leader Josip Broz Tito by signing a state treaty for Austria. For Stalin interpreted the determination of the Western powers to withdraw from Austria as support for Yugoslavia. Stalin's split with Tito had grave consequences for Soviet policy in Southeastern Europe and thus for Austria as well.[27] In addition, the Soviets discovered significant oil reserves in Austria (the largest connected oil field in Central Europe at that time), through which they supplied the Eastern European satellite states with high-quality crude oil.[28]

Soviet policies after the war aimed to transform Eastern Europe according to the political, economic, and military interests of the Soviet Union. These policies included fixing new boundaries, ethnic cleansing, extending the Soviet military perimeter to the newly occupied territories, the construction of a Soviet economic empire, and last but not least, the imposition of the Stalinist system. Poland was shifted westward, which entailed the forced removal of millions of Germans. Czechoslovakia ceded the strategically crucial Carpatho-Ukraine to the Soviet Union—Beneš had already offered it to Stalin in 1939—and Moscow arranged the restoration of the prewar Romanian-Hungarian border and re-annexed Bessarabia.

Although there is no disagreement that the Soviets sought a unilateral sphere of influence in the "adjacent" countries, a large body of literature maintains that the introduction of Stalinist systems may not have been inevitable and was triggered by assertive U.S. policies such as the Marshall Plan.[29] Two simultaneous and interrelated processes must be discerned

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[25] Vladislav Zubok and Constantine Pleshakov, *Inside the Kremlin's Cold War: From Stalin to Khrushchev* (Cambridge, MA: Harvard University Press, 1996), 149.

[26] They were first published in German and Russian in Stefan Karner et al., eds., *Die Rote Armee in Österreich. Sowjetische Besatzung 1945–1955. Dokumente. Krasnaya Armiya v Avstrii. Sovetskaya okkupatsiya 1945–1955. Dokumenty* (Graz: Oldenbourg 2005).

[27] Ruggenthaler, *Warum Österreich nicht sowjetisiert wurde*, 678–681.

[28] Walter M. Iber, *Die Sowjetische Mineralölverwaltung in Österreich. Zur Vorgeschichte der OMV 1945–1955.* Veröffentlichungen des Ludwig Boltzmann-Instituts für Kriegsfolgen-Forschung, vol. 15 (Innsbruck: Studienverlag, 2011), 107 and 130–133.

[29] E.g., Melvyn Leffler, *The Specter of Communism: The United States and the Origins of the Cold War, 1947–1953* (New York: Hill and Wang, 1994); Zubok and Pleshakov, *Inside the Kremlin's Cold War: From Stalin to Khrushchev* .

here, which are blurred in scholarship. Traditionally Sovietization has been described and interpreted as the train of events leading to the communist seizure of power and the eventual introduction of Stalinist political systems. However, there was another process unfolding simultaneously with, and not independently of, the gradual Stalinization of Eastern Europe. This was Soviet imperial penetration, the takeover of the economies and defense establishments of Eastern Europe, and the creation of Soviet military and economic space in the region. Stalin had a well-thought-out strategy for the countries in Eastern Europe that manifested itself in popular-front governments.[30] He chose this strategy to minimize Western reaction to the introduction of communist regimes. Stalin wanted communist revolution in Europe without having to forgo the advantages of association with the West.

In March 1946 Stalin instructed Polish communists not to rush but "to move gradually toward socialism by exploiting elements of the bourgeois democratic order."[31] The aim was to lay the groundwork for a "decisive struggle against the reactionaries." After meeting Stalin on April 1, 1946, Hungarian communist leader Mátyás Rákosi was much more explicit. At a secret meeting of the party leadership on May 17, 1946, he revealed that the establishment of a proletarian dictatorship was on the agenda. He told his audience that all earlier caution should be discarded once the peace treaties were signed and the elections in Western Europe were over: "Whenever a country achieves the conditions for the liberation of the proletariat or for socialism, this will be carried out, with no regard to whether the respective country is in a capitalist environment or not." The communist leader, who had stood at Stalin's side on the last November 7 parade before the German invasion of the Soviet Union, also revealed that Hungary's Communist Party and Social Democratic Party would be merged and that a new Communist International would be established.[32]

Rákosi's speech convincingly refutes the axiom, held by many in both the East and the West to the present day, that before 1947 Stalin had not

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[30] See Mark, *Revolution by Degrees*.

[31] See Kramer, *Stalin, Soviet Policy and the Consolidation of a Communist Bloc in Eastern Europe, 1945–1948*, 51–102.

[32] Rákosi's report at the meeting of the Political Committee of the HCP, May 17, 1946. Politikatörténeti Intézet Levéltára (Archive of the Institute of Political History) 274. f., 2 cs., 34. őe., 18. A brief excerpt from the document was published in Csaba Békés, *Soviet Plans to Establish the COMINFORM in Early 1946: New Evidence from Hungarian Archives*, CWIHP Bulletin No. 10 (1998), 135–136.

planned to transform the countries of the region according to the Soviet model, and that therefore this process took place only after the announcement of the Truman Doctrine and the Marshall Plan, almost as a reaction to them. There is no doubt that the process of *completing* the communist takeover of power, as well as driving the countries, often in conflict with one another, into one camp, and the formation of the Cominform truly did take place as a consequence of the situation resulting from the Marshall Plan, though all this had significant antecedents.

The above axiom is usually supported by the arguments, backed by the new sources, that the local communist leaders in the first few postwar years received little information about Stalin's intentions. Yet the reality is that the communist parties from the start, that is, as early as the fall of 1944, were very well aware of their task and acted accordingly. The immediate goal was not, in fact, the assumption of power, but rather the acquisition of a monopoly on power while *formally* maintaining the democratic institutions and preserving, at least in part, the appearance of democracy. This would make it possible to introduce the Soviet system gradually, smoothly and through "peaceful" means, that is, without civil war. For Stalin imagined all this to be realizable based on cooperation maintained with the Western Allies, and therefore it was important that public opinion in the West retain the hope that all was not yet lost in Eastern Europe.

At the same time, the Soviet leaders regarded this region as of primary strategic importance, and we now know that they were even ready to undertake armed conflict for the sake of retaining the region. The latest research also shows that, independently of the formal constitutional conditions and the mainly coalition-based political arrangements, as early as 1945 and 1946, the local communist parties were in such dominant positions in all countries of the region. On this basis we may speak of quasi-Sovietized (Albania, Bulgaria, Yugoslavia, Poland, Romania) and pre-Sovietized (Czechoslovakia, Hungary) countries, rather than a democratic interlude or limited parliamentary democracy.[33]

Even though a detailed tactical directive bearing Stalin's signature on the manner of assuming power has not surfaced (and is not likely to emerge in the future), in a certain sense we may rightly regard Rákosi's speech delivered at the meeting of the Central Committee of the Hungarian Com-

[33] Csaba Békés, *Európából Európába. Magyarország konfliktusok kereszttüzében, 1945–1990* [From Europe to Europe: Hungary in a crossfire] (Budapest: Gondolat, 2004).

munist Party on May 17, 1946, as the missing "script" for the stealthy revolution.

Even though the timing and strategy of Soviet penetration varied from country to country, there were well-discernable patterns. In former German satellites the Soviets seized crucial segments of the national economies. In the former Axis states the Soviet-led Allied Control Commissions (ACC)—the inter-Allied organizations in charge of the implementation of the armistice agreements—were conveyor belts of Moscow's local policies with no effective resistance on the part of the Western members; in these countries the ACCs' Soviet chairmen, rather than the governments, controlled home policies. Occasionally Moscow intervened directly in domestic affairs or worked through the local communist parties. Democratic parties were, in Rákosi's words, carved up "like salami"; opposition leaders were arrested, tried, and even executed if necessary. Bulgaria's Nikola Petkov was a case in point.[34] Clandestine communists infiltrated democratic parties and subverted them from within. Communist parties were able to gain all key positions of power: oversight of internal affairs, including the police and secret police; and the domination of local governments, as well as the army and security services and some of the economic portfolios. When "democratic" procedures did not work, the communists organized mass protests and incited violence, assisted by the deliberate recruitment of former members of national socialist parties such as the Hungarian Arrow Cross.[35]

Simultaneously with the gradual destruction of the democratic parties and introduction of Stalinist methods, the USSR took control of the economies in Bulgaria, Hungary, and Romania. This served a dual purpose: economic and financial gain as well as furthering political penetration. Romania signed an agreement of economic cooperation with Moscow in May 1945. This extended Soviet control to many sectors of the Romanian economy: food processing; the petroleum, timber and coal industries; metallurgy; glass; aviation; and navigation. This was followed by a similar agreement with Hungary in August 1945 that involved bauxite, aluminum, coal,

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[34] On Bulgaria, see Evgenija Kalinova and Iskra Baeva, *Bălgarskite prekhodi 1939–2005* (Sofia: Paradigma, 2006). Translated into German as Iskra Baeva and Evgenia Kalinova, *Bulgarien von Ost nach West. Zeitgeschichte ab 1939* (Vienna: Braumüller, 2009).

[35] On the recruitment of former fascists, see Robert Levy, *Ana Pauker: The Rise and Fall of a Jewish Communist* (Berkeley, CA: University of California Press, 2001); László Borhi, *Hungary in the Cold War 1945–1956: Between the United States and the Soviet Union* (Budapest and New York: CEU Press, 2004); Günter Bischof, *Austria in the First Cold War, 1945–1955: The Leverage of the Weak* (New York: Saint Martin's Press, 1999).

manganese, and part of the oil production and refining industry, as well as various branches of industrial production, aviation, and navigation. In Romania, Sovroms—Soviet-Romanian joint companies—were set up, while joint-stock or fully Soviet-owned companies were established in Hungary. These companies were controlled by their Soviet managing directors and provided Moscow unlimited access to their produce with guaranteed profits that were transferred annually. The Soviet shares in these companies were held by an agency called GUSIMZ (State Agency for Soviet Property Abroad), which controlled the Soviet economic empire in Europe and Asia.[36] The companies in Eastern Europe were established without time limitation, revealing that Soviet colonization was planned for the long term. Moscow received a blank check at the conference in Potsdam to seize former German and Italian (and in the Far East, Japanese) assets. Moscow used this provision even to take Allied—American, British, or French—property without compensation.[37] The access to the economy was a central element in consolidating Soviet hegemonic power over the states of Central and Eastern Europe. However, in Eastern Austria, the Soviets' long-term entrenchment in the economy failed. Negotiations with the Austrian government over bilateral corporations (for example, in the oil industry) were called off under pressure from the Western powers in 1945–1946.[38]

In their Eastern Europe policy from 1944 to 1948, the Americans privileged stability over protecting national independence.[39] President Roosevelt envisioned Great Britain and the Soviet Union securing peace in Europe. Soviet hegemony in the East was no great price to pay for postwar cooperation, even if it involved a violation of national self-determination in the lands between the Soviet Union and Germany.

Washington missed the opportunity to occupy Prague in 1945 and effectively ceded Czechoslovakia to the Soviet Union.[40] After some vacillation President Harry S. Truman—in spite of sometimes strident anti-

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[36] Borhi, *Hungary in the Cold War*; Walter M. Iber and Peter Ruggenthaler, eds., *Stalins Wirtschaftspolitik an der sowjetischen Peripherie – Ein Überblick auf der Basis sowjetischer und osteuropäischer Quellen* (Innsbruck: Studienverlag, 2011); Stelzl-Marx, *Stalins Soldaten in Österreich*, 277–285.

[37] For nationalization without compensation, see Borhi, *Hungary in the Cold War,* chapter 4.

[38] Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 55–59.

[39] For an overview, see Geir Lundestad, *American Non-Policy Towards Eastern Europe, 1943–1947* (Tromsö: Universitatsforlaget, 1978).

[40] Kramer, *Stalin, Soviet Policy, and the Consolidation of a Communist Bloc in Eastern Europe, 1944–1953*, 64.

Soviet rhetoric—was ready to accept communist-dominated governments. Shortly after the conference in Yalta, the United States explored a more assertive line: the U.S. minister in Bucharest tried to persuade the Romanian king to oust the communist fellow traveler Petru Groza, who had been installed in March under Soviet pressure.[41] In November 1945 the president dispatched a fact-finding mission to Romania and Bulgaria, which confirmed that these countries were under Soviet domination. Even so, in February 1946 the Truman administration recognized Romania in return for a pledge to hold free elections that everybody knew would never be kept. By fall 1946 several prominent members of the Truman administration concluded that there was no point in supporting the Czechoslovak democrats, since they had lost their battle with the communists. After the Hungarian communist putsch on May 31, 1947, executed at Stalin's written instruction, Senator Arthur Vandenberg declared that the Greek and the Hungarian events were "parallel tragedies but cannot have parallel treatment."[42]

Although Hungary was not the highest concern, the State Department wanted to take energetic action and to send a fact-finding mission to Budapest. The United States sought British support. The Foreign Office believed that Hungary and Romania were countries where decisive Soviet influence should be allowed, even if this meant communization, as they had no bearing on the British position in the Eastern Mediterranean. Thus it made no sense to entangle Britain in this affair. The whole exercise seemed pointless; the Americans would only be "making fools of themselves." Although Foreign Secretary Ernest Bevin denounced the Soviet Union for imposing dictatorships and declared that the policy of "appeasement" was over, he saw no reason to protest either.[43] London made it known that Britain would not take part in the tripartite committee of investigation proposed by the Americans. In Poland the roles were reversed. There Great Britain encouraged a tougher stance against the Soviets, while the United States opposed it. The Polish government postponed holding elections in March 1946, and therefore the British proposed joint action against the Polish government and the suspension of loans to Poland. Washington rejected the call

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[41] T.V. Volokitina et al., eds., *Tri vizita A. Ya. Vyshinskogo v Bukharest. 1944–1946. Dokumenty rossiiskikh arkhivov* (Moscow: Rosspen, 1998).

[42] Mátyás Rákosi, *Visszaemlékezések 1940–1956* [Memoirs], vol. 1, 377; *Congressional Record* (Vol. 93: 80th Congress, Part 5), 6306–6307.

[43] Borhi, *Hungary in the Cold War*; Stanley M. Max, *The Anglo-American Response to the Sovietization of Hungary 1945–1948* (Ann Arbor, MI: University of Michigan Press, 1990).

for joint action and continued to provide loans for the Poles, while London refused to sign a new Anglo-Polish loan agreement.[44]

In Central Europe the dividing line between East and West was Austria. London concluded that Soviet domination of Austria would have disastrous effects on Czechoslovakia, Germany, and Italy. The British Ministry of Defense agreed that Austria was strategically vital to Great Britain because of its crucial Central European location on the Danube. The Truman administration regarded Austria as a test case of Anglo-American resolve against Soviet intimidation and listed it as an American priority along with Greece, Turkey, Italy, and France, where the Americans thought communist takeover might be imminent. Hence the United States shored up the struggling Austrian economy, reoriented its trade toward the West, and assumed responsibility for Austria's trade deficit. Soviet possession of Austria would have placed the USSR in a position to outflank Central Europe and Italy in a military offensive.[45]

If the American empire in Western Europe, to use the term coined by historian Geir Lundestad, was by invitation, Soviet domination in Eastern Europe was by coercion.[46] Eastern Europe was Soviet military and economic space, and the formally independent states lost their sovereignty. The hegemonic power regularly intervened in their domestic affairs.

Soviet Policies towards Romania, Hungary, and Austria

Romania was the first Axis state to experience occupation by the Red Army. The offensive carried out by the Second and Third Ukrainian Fronts in August 1944 led to the collapse of the German forces in Moldavia and to the coup of August 23, 1944, as a result of which the regime of Marshal Ion Antonescu was removed from power and Romania abandoned its alliance with Germany. The coup of August 23, 1944, upset the initial calculations of the Kremlin, which had counted upon a rapid military occupation of the country and the imposition from the outset of a communist-dominated

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[44] See Marek Kazimierz Kamiński, *W obliczu sowieckego ekspansjonizmu – Polityka Stanów Zjednozonych i Wielkiej Brytanii wobee Polski i Czechoslowaceji 1945–1948* (Warsaw: Instytut Historii PAN, Wydawnictwo Neriton, 2005).

[45] Günter Bischof, *Austria in the First Cold War*.

[46] Geir Lundestad, *The American "Empire" and Other Studies in U.S. Foreign Policy in a Comparative Perspective* (Oxford and New York: Oxford University Press; Oslo: Norwegian University Press, 1990).

government. To Moscow's surprise, at the moment when the Red Army entered Bucharest, power was taken by the government led by General Constantin Sănătescu, which included all the political parties: the National Peasant Party (NPP), the National Liberal Party (NLP), the Social Democratic Party (SDP), and the Romanian Communist Party (RCP). Although the new Romanian cabinet had shown itself ready to negotiate and to sign an armistice with the Allies, the Kremlin, invoking arguments of a military nature, dragged its feet for almost three weeks before signing the document. As a result, when the discussions began in Moscow between the Romanian delegation led by Lucrețiu Pătrășcanu and the representatives of the Soviet Union, Britain, and the United States, the territory of Romania, with the exception of Transylvania, was, from a military standpoint, under the complete control of the Red Army.

On September 12, 1944, the governments of the Soviet Union, the United States, and the United Kingdom concluded the Armistice Convention with the Romanian government. It imposed harsh political, military, and economic conditions. According to the military provisions of the armistice, Romania was obliged to put at the Allies' disposal 12 infantry divisions and to allow the Red Army unhindered passage over the country's territory. From the economic point of view, under the title of war reparations, Romania agreed to pay the sum of 300 million dollars (at their 1938 value) and to return the goods taken from Soviet territory. Other provisions of the Armistice Convention stipulated the arrest of war criminals; the abolition of "pro-Hitlerite" political, military, and paramilitary organizations; and the introduction of censorship.[47] Supervision of the fulfillment of the armistice conditions was assigned to the Allied Control Commission, in which the Soviet Union held the dominant position, since the U.S. and British representatives were reduced to the status of simple observers. Marshal Rodion I. Malinovskii was named head of the commission. In fact, through the armistice Stalin countered the effects of the August 23, 1944, coup and created the instrument by which the Soviet Union took complete control of Romania.[48] In addition to the provisions of the convention, which guaranteed the Soviet Union a dominant role in the political and economic life

[47] See the text of the armistice in Marin Radu Mocanu, ed., *România. Marele sacrificat al celui de-al doilea război mondial. Documente* (Bucharest: Arhivele Statului din România, 1994), document no. 182, 310–324.

[48] Dennis Deletant, *Teroarea comunistă în România. Gheorghiu-Dej și statul polițienesc 1948–1965* (Iași: Polirom, 2001), 53–54.

of Romania, Stalin was also able to use two efficient means to totally subordinate Romania, namely the Romanian Communist Party (RCP) and the problem of Transylvania's status.

Although on August 23, 1944, the importance of the RCP in Romanian society was insignificant—the number of its members being under 1,000—the presence of the Red Army in the country was to constitute the fundamental element in the RCP's rise to power. The model for the RCP's conquest of power fit perfectly into the Eastern European blueprint. The coalition of the National Democratic Bloc, which had brought together the NPP, NLP, SDP, and the RCP, was replaced on September 26, 1944, by the National Democratic Front (NDF), a grouping that included—alongside the RCP and SDP—the Ploughmen's Front, the Hungarian People's Union, and some of the trade unions. Under the protection of Soviet bayonets and with the unconditional aid of the Kremlin, the RCP and its allies launched in autumn 1944 and winter 1945 a massive and aggressive campaign aimed at destabilizing political life in Romania and taking control of the key ministries: those of the armed forces, justice, and the interior. The campaign was orchestrated by the RCP with the blessing of the Kremlin to increase pressure on the Sănătescu and Rădescu governments in order to "democratize" political life, in other words, to consolidate the communists' role in the Romanian government. Another lever through which Moscow exercised pressure on the Romanian authorities was the implementation of the armistice provisions. Thus, taking advantage of the disorder provoked in particular by the communists and the Red Army between September 1944 and March 1945, Moscow repeatedly accused the Romanian government of deliberately "sabotaging" the implementation of the armistice clauses. Amid increasing political tensions and accusations launched by the NDF against the Rădescu government, the Kremlin decided at the end of February 1945 to intervene decisively in Romania by sending Andrei Ya. Vyshinskii to Bucharest. The latter demanded that King Michael I dismiss the Rădescu government and replace it with a cabinet led by Dr. Petru Groza.[49] After several days of tergiversation, the king was forced, on March 6, 1945, to accept the imposition in power of the Groza government, formed from representatives of the NDF and of dissident groups in the NLP and NPP.

[49] See Radu Ciuceanu et al., eds., *Misiunile lui A.I. Vâșinski în România. (Din istoria relațiilor româno-sovietice, 1944–1946). Documente secrete* (Bucharest: Institutul Național pentru Studiul Totalitarismului, 1997).

Alongside the provisions of the armistice convention and the role of the RCP, the third efficient means that Stalin wielded to impose Soviet interests in Romania was, without a doubt, the question of Transylvania. Point 19 of the convention declared the Second Vienna Award of August 30, 1940, null and void and stipulated the return to Romania of "Transylvania or of the greater part of it." With this reserved phrasing, the Great Powers left open the possibility of a revision of the borders in the Trianon peace treaty, in the hope that the Hungarian government would thus be tempted to stop fighting the war alongside Germany. This calculation proved to be correct as, on October 15, 1944, Miklós Horthy, regent of Hungary, indeed tried to follow Romania's example. However, the attempt was thwarted by the rapid reaction of the Reich. Although Stalin declared on repeated occasions that all of Northern Transylvania had to be returned to Romania, he still did not hesitate to use this matter as a pressure point on the Sănătescu and Rădescu governments. Thus, invoking political and military reasons—including atrocities committed by paramilitary troops against the Hungarian population in the region—in November 1944 the Allied Control Commission decreed the expulsion of the Romanian authorities from Northern Transylvania and the introduction of Soviet military administration. The Romanian authorities' later requests to rescind this measure were categorically rejected by the Soviets. The Kremlin made a favorable response in this matter conditional on the creation of a "democratic" government. Indeed, on March 9, 1945, three days after the formation of the Petru Groza cabinet, Stalin approved the return of Northern Transylvania to Romanian administration. Besides this gesture of goodwill shown towards the new government, designed to consolidate its internal prestige, Stalin's decision had another significance. From the Soviet leader's point of view, with the imposition in power of the Groza government, Romania had permanently entered the Soviet sphere of influence. Later Hungarian efforts to regain part of Northern Transylvania were in vain, since Moscow's main concern was to have a Romania secure in terms of Soviet interests.

The Kremlin's calculations proved to be correct, since immediately after the Groza government's installation in power, the latter began to implement the measures that paved the way for the adoption of the Soviet model in all domains of political, economic, and cultural life.

What made Romania and Hungary different from Austria was that Austria came under four-power occupation, whereas the other two experienced a unilateral Soviet invasion. Hence the West had a great deal of

influence in Austria; it had very little in Hungary and possibly even less in Romania. The U.S. representative in Romania, Burton Berry, recognized this early on and devoted himself to upgrading his collection of ancient coins and rugs.

The situation in Hungary was misleading. On the surface the communists displayed caution and a willingness to cooperate with the other political forces. Free elections were held in Budapest and followed by an unfettered national election in 1945, resulting in a 57 percent victory by the Smallholders Party, leaving the Hungarian Communist Party with a 17 percent minority role. Until 1948 there existed a multiparty system with a functioning parliament; cultural, academic, and political pluralism; and a semblance of free speech. However, all this was a façade that concealed a surreptitious but harsh process of Sovietization. In 1945 party leader Rákosi revealed that "elections did not play an important role in communist plans" and that they had other means at their disposal. This included the "subversion" of democratic parties "from within" with the help of fellow travelers and clandestine communists hiding in their ranks, as well as mass demonstrations, intimidation, and arrest. All this was made possible by the fact that from the outset, the communists dominated the army, the police and secret police, the security services, and the local governments, as well as the judiciary, which the Communist Party was able to instruct to hand down sentences that served its interests. The parliament had no significant role to play. Its functions were taken over by the Supreme National Council, an organ controlled by communists, which had a constitutional mandate to pass laws. This body was used to vote on legislation that would not have passed in parliament, such as the Soviet-Hungarian Economic Agreement of 1945. Economic policy, including the formulation of the budget, was usurped by the communist-dominated Supreme Economic Council, established in December 1945 at Stalin's direct instruction. Rákosi revealed in closed communist circles numerous times that communist moderation was tactical and temporary.

Soviet representatives got involved when necessary. After the election Molotov instructed the Communist Party to renegotiate the coalition agreement so as to get the Interior Ministry, the key portfolio in seizing power. Thus in late 1945 the Soviet minister in Budapest, Pushkin, reported that the government was reliably pro-Soviet. In January 1946 he summoned Prime Minister Ferenc Nagy and President Zoltán Tildy and told them to stop "playing around with the Soviet Union" and to pursue a "policy of friendship." Party ideologist József Révai launched an all-out

onslaught for power: "the truce is over, comrades," he declared. In May 1946 the communists announced the establishment of a "dictatorship of the proletariat" without regard to the international or domestic conditions. Soon a "conspiracy against the republic" was "exposed" by the communist-run military intelligence, which culminated in the disposal of the prime minister in May 1947. Tildy understood the consequences and asked U.S. intelligence to get him out of the country.

Simultaneously with all this, the Soviets launched their drive to Sovietize the economy. Only three months after the signing of the Romanian-Soviet economic agreement, Moscow signed a treaty of similar scope with the Hungarians. This agreement and the Potsdam Declaration, which allowed the USSR to seize what it considered to be former Axis assets (more often than not, this meant Western-owned property), provided the legal basis for the Soviet economic penetration. In this way Moscow got unlimited access to raw materials such as coal, bauxite, manganese, and crude oil, and control of communications and factories in important branches of industry. This was not all. The Soviets extracted funds well beyond the value of reparation payments. Finally, the seizure of Western assets furthered the goal of getting rid of all non-Soviet external economic influence in Hungary. The "bourgeois sabotage" trials held in 1948 were crucial in justifying the Iron Curtain by convincing the public that Western companies were nothing more than covers for spying and sabotage.

In summary, it can be said that the Hungarian experience was very different from the Austrian and very similar to that of Romania, where the pace of destroying the multiparty system may have been faster and Soviet intervention more open, but the ultimate aims were the same and the methods were very much alike. As points of comparison: Andrei Vyshinskii bullied the Romanian king to dismiss the government and appoint Petru Groza in March 1945; Stalin instructed Rákosi to get rid of Ferenc Nagy in May 1947; Valeriyan Zorin's appearance in Prague sealed the fate of democracy in Czechoslovakia in February 1948.

Exclusive Soviet influence in Austria was limited to the short period in which the Red Army was the only occupation power in Eastern Austria—in other words, before the Western Allied powers entered Austrian territory. The Soviet occupation of Austria has been well researched in the last few years, based on now-accessible Russian archives. Various research projects with the participation of Russian institutions and historians, since 2008 also under the umbrella of the Austro-Russian Commission of Historians (chairmen: Stefan Karner and Aleksandr O. Chubar'yan), dem-

onstrate this. They have produced a number of publications in German and Russian.[50]

Although there were no Soviet plans to occupy all of Austria, Austria was also something like a test case and/or a bargaining chip for the Soviet Union to see how far it could go without being pressured by the West. Stalin tried to install a puppet government in Vienna ad hoc immediately after the Red Army crossed onto Austrian soil at the end of March 1945. But the head of the provisional government, Karl Renner, was obviously not the person Stalin was hoping for and was in a better position than his subordinates in Eastern Europe. In contrast to the social democratic/socialist parties in East-Central Europe, there was no breeding ground for communism within the Austrian Socialist Party (SPÖ). Anti-communism was deeply rooted in Austria and achieved a fundamental consensus with the conservative People's Party (ÖVP) in its attitude towards the Soviet occupiers.[51] In contrast to Romania and Hungary, Austria was occupied by four powers, and in the Allied Commission (AC) for Austria (officially not an Allied Control Commission) the Soviets had few legal means of influence, especially after signing the Second Control Agreement in 1946. The agreement gave the Austrian government room for maneuver. After the autumn 1945 elections, which were devastating for the Communist Party (KPÖ), only one communist minister (the minister for industry and electrification) was part of the government. The agreement was a Soviet accommodation with the West but had the side effect of delaying the start of the state treaty negotiations. This delay was quite useful to the Soviet Union at that time. The USSR could only protest against Austria's participation in the Marshall Plan but could not take legal steps against the signing of bilateral treaties (such as, in this case, between the United States and Austria). Still, fears of a communist coup d'état prevailed and were intentionally stirred up by the Western powers ("After Budapest, Vienna!").[52] As far as can be seen from the Soviet documents, Moscow did not intend a coup d'état in Vienna dur-

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[50] See, above all, Karner and Stelzl-Marx, *Die Rote Armee in Österreich*; Stelzl-Marx, *Stalins Soldaten in Österreich*; Iber, *Die Sowjetische Mineralölverwaltung in Österreich*; Ruggenthaler, *The Concept of Neutrality in Stalin's Foreign Policy 1945–1953* and the works cited below. Currently Barbara Stelzl-Marx is working on "(Soviet) Children of Occupation."

[51] Stefan Karner and Peter Ruggenthaler, "Unter sowjetischer Kontrolle: Zur Regierungsbildung in Österreich 1945," in *Die Rote Armee in Österreich*, eds. Karner and Stelzl-Marx, 97–140.

[52] Günter Bischof, *Austria in the First Cold War,* 104.

ing these years and even left the Communist Party (KPÖ) to itself in many cases. The "Figl-Fischerei," secret talks between the KPÖ party leaders and the chancellor in 1947, were not "salami-slicing" based on the Hungarian recipe, but rather autonomous actions of the KPÖ—without consultation with Moscow. In 1948 Moscow even reprimanded the KPÖ leadership over its separation plans, which Yugoslav comrades had advised them to carry out.[53] The Soviet Occupation Zone of Austria was of great importance for the Soviets until the Eastern bloc was consolidated and as long as German assets and Austrian oil were lucrative and profitable.[54] The answer to why Eastern Austria under Stalin did not end up in the Eastern bloc lies outside the scope of this book.[55] Until 1949, Stalin's main goal apparently was maintaining the status quo in terms of military policy in Central Europe.

The Soviet power, moreover, pursued from the outset a strict yet not unbroken denazification policy in Austria; in contrast to the Eastern European states, however, it never used this as cover for actions against all non-communist opposition. "Only" some 2,000 Austrians were arrested, and about 1,000 of them were sentenced and deported to the Soviet Union.[56] Approximately 200 of them were sentenced to death, primarily for anti-Soviet espionage, and shot dead in Moscow.[57] By 1949 the Soviet Union had already allowed a large proportion of the Austrian prisoners of war to return home. Starting in 1947, they organized regular transports back to the home-

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53 Ruggenthaler, *Warum Österreich nicht sowjetisiert wurde*, 667–673; Mueller, *Die sowjetische Besatzung in Österreich 1945–1955 und ihre politische Mission*, 194.

54 See the study based on Soviet documents by Iber, *Die Sowjetische Mineralölverwaltung in Österreich*. On the Soviet economic empire in Austria, see also Stelzl-Marx, *Stalins Soldaten in Österreich*, 265–308.

55 See Peter Ruggenthaler, "The 1952 Stalin Note on German Unification: The Ongoing Debate," *Journal of Cold War Studies* 13 (4/2011): 172–212, here 193–199.

56 Harald Knoll and Barbara Stelzl-Marx, "Wir mussten hinter eine sehr lange Liste von Namen einfach das Wort 'verschwunden' schreiben: Sowjetische Strafjustiz in Österreich 1945–1955," *Sowjetisierung oder Neutralität? Optionen sowjetischer Besatzungspolitik in Deutschland und Österreich 1945–1955*. Schriften des Hannah-Arendt-Instituts für Totalitarismusforschung, vol. 32, eds. Andreas Hilger, Mike Schmeitzner, and Clemens Vollnhals (Göttingen: Vandenhoeck und Ruprecht, 2006), 169–219; Harald Knoll and Barbara Stelzl-Marx, "Sowjetische Strafjustiz in Österreich. Verhaftungen und Verurteilungen 1945–1955," in *Die Rote Armee in Österreich*, eds. Karner and Stelzl-Marx, 217–321.

57 Barbara Stelzl-Marx, "Death to Spies: Austrian Informants for Western Intelligence Services and Soviet Capital Punishment during the Occupation of Austria." *Journal of Cold War Studies* 14 (4/2012): 167–196; Stefan Karner and Barbara Stelzl-Marx, eds., *Stalins letzte Opfer. Verschleppte und erschossene Österreicher in Moskau 1950–1953* (Vienna: Böhlau, 2009).

land.[58] The USSR had never used the prisoner-of-war question as a bargaining chip (even if there were intermittent—yet unsuccessful—attempts to combine this question with the demand for the return of Soviet displaced persons still in Austria).[59] The mass sentencing of foreign prisoners of war from 1949 took place above all against the backdrop of retaining manpower, as a further retention of prisoners of war would have violated the Geneva Convention. The Soviet Union had admittedly never signed it, but the Western powers repeatedly complained to the USSR about the incomplete repatriation. From this point on, Moscow always pointed out that the convicts only remained in the Soviet Union due to war crimes or other offenses.[60]

In its detailed compilation for the Paris Peace Conference—based on data from the Ministry of Defense's Department of Casualties, prisoner-of-war search requests received by the Ministry of Foreign Affairs, and Soviet military reports—the Central Statistical Office calculated in 1946 that 600,000 Hungarians had fallen into Soviet captivity.[61] The NKVD's Main Administration for Affairs of Prisoners of War and Internees registered 532,000 Hungarian, 187,367 Romanian, and 156,681 Austrian prisoners in October 1945.[62] However, it should be noted that the NKVD registered only those prisoners who reached the Soviet Union. Those who died in the transit camps or while being transported were not recorded. When this is taken into account, there is no discrepancy between the contemporary Hungarian estimates of the number of prisoners and the data in the Soviet records.

The data on those who returned is uncertain and somewhat conflicting. The Hungarian side kept no central register before July 1946. Sources on

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[58] Stefan Karner, *Im Archipel GUPVI. Kriegsgefangenschaft und Internierung in der Sowjetunion 1941–1956* (Vienna: Oldenbourg, 1995), 198.

[59] Stefan Karner and Peter Ruggenthaler, "(Zwangs-)Repatriierungen sowjetischer Staatsbürger aus Österreich in die UdSSR," in *Die Rote Armee in Österreich*, eds. Karner and Stelzl-Marx, 243–273, here 267.

[60] Stefan Karner and Harald Knoll, "Verurteilte Kriegsgefangene in der Sowjetunion. Zum Stand der Forschung," in *Österreicher und Sudetendeutsche vor sowjetischen Militär- und Strafgerichten in Weißrussland 1945–1950. Avstriiskie i sudetskie nemtsy pered sovetskimi voennymi tribunalami v Belarusi 1945–1950. gg.*, eds. Stefan Karner and Vjačeslav Selemenev (Graz: Verein zur Förderung der Forschung, 2007), 36–47.

[61] "Glavnoe Upravlenie po delam Voennoplennykh i Internirovannykh," Main Administration for Affairs of Prisoners of War and Internees (of the USSR) and Hadtörténelmi Levéltár [Military History Archives], HM Békeelőőkészítő anyag, 2. doboz, A/I. 95/6792.

[62] *Voennoplennye v SSSR 1939–1956. Dokumenty i materialy* (Moscow: Logos, 2000), 295–297; *Vengerskie voennoplennye v SSSR. Dokumenty 1941–1953* (Moscow: Rosspen, 2005), 304–307.

those who were transported back home in the months after the war contain figures and estimates of between 100,000 and 150,000. According to the data of the Debrecen Prisoner-of-War Receiving Committee for 1947, 1948, and 1949, 220,000 returned home.[63] In the early 1950s, after the camp was closed, transports of prisoners still arrived sporadically from the Soviet Union. The most conservative estimates and calculations are that a minimum of 200,000 people died in Soviet captivity.

It has been estimated that the Soviet Union removed 13 billion dollars (the equivalent of the Marshall Plan funds for Western Europe) from its empire in Europe, but in light of specific calculations based on archival evidence, this figure may be far higher.[64] Although the final sum is impossible to calculate, removals from Hungary alone may have amounted to 1.5 billion dollars in contemporary currency, which is roughly the amount the Soviets took out from Austria—an estimated 1.4 billion. Romania paid an estimated 1.5 billion dollars, and Finland several hundred million. To this we must add an estimated 10–19 billion dollars from East Germany.[65] In today's currency, these amounts would be 10 times larger.

Payments included the dismantling of factories and removal of agricultural and industrial inventories as war trophies, arbitrarily fixed reparations, the maintenance of the Soviet army, compensation for Hungarian debt to Nazi Germany and damages incurred by German assets payable to the USSR, as well as transfers of usually fictitious profits from Sovietized companies. Soviet companies and other arrangements gave the Soviet Union unlimited access to raw materials and energy carriers in Eastern Europe such as uranium, coal, timber, steel alloys, bauxite, aluminum oxide, and crude oil. The assets received free of charge in occupied Europe were resold to the states of the region between 1952 and 1956, adding to the already hefty transfer of funds to the imperial center.

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[63] Hadtörténelmi Levéltár [Military History Archives], HM. 1948. eln. III. Tájékoztató.

[64] Paul Marer, "Soviet Economic Policy in Eastern Europe," in *Reorientation and Commercial Relations of the Economies of Eastern Europe: A Compendium of Papers Submitted to the Joint Economic Committee* (U.S. Congress, 1972), 145.

[65] Iber and Ruggenthaler, eds., *Stalins Wirtschaftspolitik an der sowjetischen Peripherie*; Borhi, *Hungary in the Cold War*; Norman Naimark, *The Russians in Germany: A History of the German Zone of Occupation, 1945–1949* (Cambridge, MA: Belknap Press of Harvard University Press, 1995); Rainer Karlsch, *Allein bezahlt? Die Reparationszahlungen der SBZ/DDR 1945–1953* (Berlin: Elbe-Dnjepr-Verlag, 2004).

There is no need to separate the ideological and imperial aspects of Soviet expansion. The two were intertwined. The Sovietization of Eastern Europe went simultaneously with the creeping introduction of Stalinist systems that ruled by terror and the liquidation of democratic elements. These policies had nothing to do with American foreign policy, which was fairly complacent in Eastern Europe until 1948. When the Soviet leadership was faced with the choice of cooperation with the former Allies or total domination of the adjacent states, it opted for the latter. Eastern European sources reveal that Soviet policy toward the vassal states was not a response to American actions. The communist tactic of moderation lasted until the peace treaties with the former German satellites were concluded. The introduction of proletarian dictatorships was announced well over a year before the Marshall Plan. Economic exploitation that exceeded widely justified claims on reparation began when the war in Europe ended.

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ROMANIA

DOCUMENT No. 1:

Memorandum on Atrocities Committed by Soviet Troops

September 12, 1944

Report no. 640 of the Romanian General Inspectorate of the Gendarmerie on behavior by Soviet troops in the Romanian countryside.

Ilfov County

On the night of September 8–9 at 22:00, the Ciofrângeni Gendarmerie post patrol, composed of Sergeant Motoc Constantin and soldier Stoica Nedelea, while carrying out duties in Izvorani village, was disarmed by five Russian soldiers, who also took the correspondence suitcase, 50 cartridges, and 650 lei.

On September 10 of this year, Russian soldiers removed the radio device from the Roşu Gendarmerie post and even took a uniform jacket with them.

Prahova County

Hătcărău commune: on August 30 of this year, Russian soldiers took two barrels of wine from Simion Banu and sacks full of oats from Constantin Cristea. The nun N.N. was raped.

Drăgăneşti commune: on August 30 of this year, 67,000 lei [were taken] from Gheorghe Olaru; drugstore products worth 200,000 lei [were taken] from Marica Popescu; two horses and a cart [were taken] from Maria Voicu; a cart [was taken] from Toma Bâră.

Ciorani commune: on August 30 of this year, resident Mihalache Petre was shot dead, and afterwards 60,000 lei, a watch, and a ring were taken; 300,000 lei from Chirilă Chiriţa; 250,000 lei from Gheorghe Stănescu; 180,000 lei and a watch [was taken] from Gheorghe Popescu; from the local farm: 10 horses, six steeds, two carts, three pairs of harnesses, two pigs, and 1,800 kilograms of oats [were taken].

Adâncata commune: on August 30 of this year; two horses, corn, oats, and birds from Ion Gheorghiu.

Albeşti commune: on August 30 of this year, the local gendarme post was destroyed and gendarmes dispersed.

Bucov commune: 15 residents [were] robbed; the office of the gendarmerie post [was] devastated, officers pursued, and their equipment removed.

Valea Călugărească commune: August 28, 1944: 3,000,000 lei stolen from the post office; in the train station, a railcar carrying the Iaşi University library collection [was] broken into and books [were] dispersed. Additionally, two railcars with wheat and corn were divided among the residents. The local gendarmes had their equipment removed.

Coşlegi commune: on August 31, devastation of the estate residences of Dobrescu, Cristopol, and Urlăţeanu, as well as the taverns of Bărănescu, T. Cristea, M. Iacobescu, and M. Stănescu; same with the gendarmerie post.

Măgurele commune: on August 31 of this year, a bicycle from the gendarmerie post; from the Center of Operations: 29 horses, eight carts, three supply wagons, four trucks, one vehicle, five pairs of harnesses, 3,000 liters of gasoline, 15 barrels, 15,000 kilograms of oats, 15,000 kilograms of wood, 53 weapons, 50 belts, 30 cartridges; from the Replenishment Center, quantities of coffee, pearl barley, soap, tobacco, tea, cans, oats, and barley, as well as different military materials [were taken]; three taverns were devastated; they took 60 sheep from Gheorghe Obiloiu; four horses from Ştefan Obiloiu; a carriage from M. Ionescu; two daughters of N.N. [were] raped; Ion Păun [was] shot dead; four trucks from the Ploieşti depot; one horse and 10,000 lei from baker Constantin Popa; one horse from the Bălteşti gendarmerie post [was taken].

In Pietroşani commune, on August 31, the estate residence of Colonel Bosi was devastated.[1]

Ploieştiori commune, on August 31, two residences, four taverns, and a vegetable garden were devastated; resident Nicolae Barosanu was shot dead and Veta Dumitrică wounded; three old women were humiliated; a radio device and truck parts were taken away from Gheorghe Dobrin; two gendarmes, officers, were deprived of their equipment, and two gendarmes, in military training, were severely hit; the post's chief was pursued to be shot.

Blejoi commune, on August 31 of this year: two residences, a cooperative, and a tavern were devastated; Ştefan Cordinoiu was shot dead.

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[1] This is probably a reference to Robert C. Bossy (1896–1973), a Romanian career officer in the anti-aircraft artillery. Royal adjutant to King Michael I (July 1, 1945–December 30, 1947); head of the Royal Military Household (August–November 1944). In 1948 he emigrated and later settled in Switzerland. Colonel (as of June 8, 1940); brigadier general (as of April 1,1945). Withdrawn from active service (August 9, 1946) and placed in the reserve a year later.

Brazi commune, on August 31 of this year, railcars carrying refugee luggage were devastated in the train station; two horses were taken away from the gendarmerie post.

Gherghița commune, on September 2 of this year, 30 horses and many pigs were taken from a local farm.

Negoiești commune, on September 2 of this year, the gendarmerie post was devastated.

Poseşti commune, on September 2 of this year, the chief of the gendarmerie post was disarmed, five taverns and four residences were devastated. An elderly woman, Maria Alexandru, was shot dead.

Ogretin commune, on September 2 of this year, two carriages and two chaises were stolen, Dumitru Salahoru's grain depot was devastated, and the telephone wires were cut.

In Podenii Vechi commune, on September 2 of this year, six residences were devastated and six girls were raped.

In Hăbud commune, on September 2, 1944, the gendarmerie post was devastated and the soldiers kicked out.

In Teişani commune, on September 3 of this year, two residences were devastated, and a girl, Elena Gh. Petre, was shot dead.

In Scăioşi commune, on September 3 of this year, all the vehicles, horses, and carts from the Regiment 9 anti-aerial base. Four horses and a carriage were taken from Grigore Cristea.

At the Brazi refinery, the chief of the gendarmerie post was disarmed, and the residences and casino of the refinery were devastated.

In Fulga commune, on September 4 of this year, 550 kilograms of sugar, 700 kilograms of flour, and a radio device were stolen from Vasile Ştefănescu.

In Poiana Vărbilău commune, on September 4 of this year, two horses with saddles were taken from the gendarmerie post.

In Comarnic commune, during the night of September 4–5 of this year, two shops were devastated and items stolen from a gendarme officer.

In Drajna commune, on September 5, 1944, the gendarmerie post, the cooperative, two taverns, a shop, and a number of residences were devas-

tated, and items worth 57,000,000 lei were stolen. Two mechanical shops were destroyed and all their materials, worth 30,000,000 lei, were stolen.

In Izvoarele commune, on September 5 of this year, Gogu Niculescu's restaurant was devastated.

In Chițorani commune, on August 28, 1944, Mrs. Vaciov was shot because she refused to give up a blanket. The administrator Gheorghe Tănăsescu was also shot because he resisted his wife being raped. Similarly, the orderly of Lieutenant Coroiu was shot because he opposed the rape of a woman. A number of residents were also robbed.

Signed: [illegible]

Source: Arhiva Consiliului Național pentru Studierea Arhivelor Securității București, fond Documentar, dosar nr. 13762, ff. 126–128 (henceforth quoted as ACNSAS).

DOCUMENT No. 2:

Note on Soviet Abuses

September 13, 1944

The following report of the Romanian Secret Intelligence Service outlines some incidents between members of the Soviet army and Romanian authorities and civilians, as reported by the gendarmerie.

As a follow-up to 32.157 from September 12, 1944, we report below on the following cases that demonstrate the behavior of Soviet troops:

Olt County

Coteana commune

- They entered the gendarmerie post by force, asking the gendarmes to bring them wine and women. They used their weapons, firing on gendarmes.
- From resident Vasile Marinescu they took watches, clothes, and a number of household items.
- They robbed Jean Guran of 200,000 lei, one horse, one saddle, clothes, and food.

In Corbu commune

- From resident Marin Bădescu they took two barrels of wine, three clocks, and clothes.
- From a priest, Dițulescu, they took clothes and jewelry.

In Gostovăț commune

- They took an automobile from owner Lelia Manolescu.

In Chilia commune

- A Soviet officer entered the courthouse and fired a number of revolver shots into the portrait of King Michael[2] and the Queen

[2] Michael I, King of Romania (born 1921). Son of the Romanian heir to the throne Prince Carol, and Princess Helen of Greece. King of Romania from July 20, 1927, to

Mother Elena,[3] which were completely destroyed, causing grave offense to their majesties.

– The commander general of a motorized column with the indicative RKO Military Office 59956, under the pretense that he wanted to go hunting, asked the Olt County Hunting Inspector, Reserve Captain Ciulei Leonida, if he could borrow for three to four hours, on his word of honor, a Grenner hunting weapon, 12 mm caliber, along with the cartridge box and 30 cartridges, which he did not return.

In Vulpeşti commune

– On September 9 of this year, at 10:30, an inebriated Soviet soldier shot dead gendarme sergeant Gagiu Petre, chief of Dobroteasa post, who was in Vulpeşti commune on business, to prevent the infringement of a woman's residence. The sergeant was accompanied by gendarme soldier Bangău Teodor, contingent 1936, native of Fragila village, Soroca County, who disappeared at the same time as the Russian assassin.

In Romanați County

– On September 9 of this year, about six Russian soldiers were robbing one house after another in Devesel commune. Upon their arrival at the school, a top sergeant gendarme, chief of patrol, intervened, and the post chief arrived in the meantime. A hand-to-hand fight broke out between the gendarmes and Russian soldiers. The Russian soldiers retreated, only to return in larger numbers, armed with automatic weapons. To prevent being disarmed, the gendarmes fled and hid.

June 8, 1930, and from September 6, 1940, to December 30, 1947. Michael I was the architect of the coup of August 23, 1944, that ended political and military cooperation with Nazi Germany. He subsequently attempted from 1944 to 1947 to prevent Romania from being Sovietized. The communists ultimately forced him to abdicate on December 30, 1947. In early 1948 he went into exile in Switzerland. Only in 1997 was his Romanian citizenship returned to him.

[3] Queen Mother Helen of Greece (1896–1982) was the daughter of King Constantine I of Greece and his wife Sophia of Prussia. From 1921 to 1928, she was married to Prince Carol II of Romania. From 1930 to 1940, she lived mainly in Florence. In 1940 she returned to Romania, where she remained until the expulsion of the royal family in 1948.

The case is being investigated by the Gendarme Legion's commander and a Soviet officer.

Vâlcea County

- Information Center ABA from the city of Râmnicu Vâlcea reports that it no longer has a phone connection with the city of Sibiu because the cables were cut by the Russians. The phone connection with the intelligence and warning posts from the Olt Strait to Sibiu functions only to Călimăneşti, a situation that is paralyzing the aerial information and warning office of Râmnicu Vâlcea's garrison.

Dolj County

- In Puțuri commune, resident Petre Nicolaescu was robbed of 2,000,000 lei.

In the city of Craiova

- Incidents and complaints have multiplied.
- On the outskirts of and outside the city, isolated officers are robbed of watches and money.
- The civilian population is halted and their luggage, horses, carts, food, etc. stolen.
- Forestry directorate no. 7 from Craiova complained to a Soviet commander that wood was being taken away from their warehouses. The officer stated that we should be ashamed because Romanian troops in Russia took everything, and now the Russian army needs machines, provisions, wood, etc., in order to go to Berlin.
- At the courthouse's stable, Russian soldiers were ordered to take the horses and leave feeble ones in their place. This occurrence was stopped by our guards.
- CFR inspection unit no. 3 from Craiova complains that on the night of September 7–8 of this year, Russian military broadcast units disrupted the phone lines, hindering connections with Corabia, Calafat, Piatra Olt, R. Vâlcea, and Costeşti.
- On the afternoon of September 9 of this year, two Soviet soldiers attempted to rob the residence of the owner Tomescu from the Bariera Vălcii district. The gendarmes intervened, arrested one of

them, and took him to the gendarmerie post. After a short while, two officers and a number of armed soldiers arrived at the post, disarmed the gendarmes, freed the Russian soldier, and even took a horse that belonged to the gendarmes.

- On the night of September 9–10 of this year, four Russian soldiers armed with automatic weapons entered the residence of Captain Ştefăniu, captain of a motorized battalion, at 23 Salvator Street and demanded from the captain all the gold he had in the house, namely jewelry. The captain threatened them with two grenades he had in the house, and the Russian retreated.
- On the same night, the Russian soldiers entered the residence of citizen N.N. on Brâncoveanu Street and raped his wife and daughter.
- The mood of the population is worsening. Military guards are being requested everywhere.

Gorj County

- Soviet troops cut the phone lines at random locations between Târgu Jiu and Brăneşti, a distance of 60 kilometers.

Mehedinți County

- On September 6 of this year, Soviet soldiers stole an accordion from a shop.
- On the night of September 6–7, 10 armed Soviet soldiers entered Hotel Victoria and raped the hotel's female concierge.

Source: ACNSAS, fond Documentar, dosar nr. 13953, vol. 2, ff. 132–136.

DOCUMENT No. 3:

Romanian–Soviet Memorandum regarding Romanian Participation in the War against Germany and Hungary

September 28, 1944

On September 25, 1944, Marshal Rodion Malinovskii and the chief of the Romanian General Staff, General Gheorghe Mihail, met to discuss which Romanian military forces were to participate in the military operations against Hungary and Germany. These issues were discussed and finally resolved on October 26 by a Romanian-Soviet memorandum signed by General V.P. Vinogradov of the Allied Control Commission in Romania, and General Nicolae Rădescu, chief of the Romanian General Staff. The memorandum stipulated not only the number of Romanian military forces to join the Red Army, but also which commands and military units would be demobilized and/or dissolved. This last proposal was a flagrant violation of the armistice agreement from September 12, 1944, which also deprived Romanian authorities of the necessary forces to maintain order and peace inside the country. In fact, the Kremlin intended to drastically reduce the number of military forces on Romanian soil in order to prevent any potential reaction against Red Army forces and the Romanian Communist Party.

Following the discussions that took place on September 25, 1944, between the marshal of the Soviet Union, R.I. Malinovskii,[4] and the Romanian Army chief of staff, Adjutant General Mihail,[5] and later between Lieuten-

[4] Marshal Rodion Ya. Malinovskii (1898–1967). Soviet career military officer. Commander of the Third Ukrainian Front (December 1943–April 1944); commander of the Second Ukrainian Front (May 1944–May 1945). Led the Second Ukrainian Front in the Iași-Chișinău operations (August 20–23, 1944), which led to Romania's defeat and exit from the war. Later led the Second Ukrainian Front in the military campaigns in Hungary and Austria. President of the Allied (Soviet) Control Commission in Romania (1944–1945).

[5] Gheorghe Mihail (1887–1982). Chief of the Royal Household of King Carol II (1937–1939). Vice-president of the Council of Ministers, and then chief of the General Staff (1940). Romanian career military officer. Put on reserve status on September 6, 1940, by General Ion Antonescu, who also arranged his house arrest in Sinaia; reactivated on August 23, 1944; chief of the General Staff (August 23, 1944–October 12, 1944); general inspector of the infantry and army; put on reserve status in 1947. Arrested by communist authorities on January 20, 1948, accused of sabotage along with "a group of landowning saboteurs in Ilfov County" and in custody for two years. Afterwards accused of "intense activity against the working classes" and sentenced to 12 years in prison on January 23, 1957. Was imprisoned in Văcărești, Pitești, Ocnele Mari, Sighet, and Jilava and released on October 10, 1957.

ant General V.P. Vinogradov[6] and the representative of the government and the Romanian High Command, Romanian Army Chief of Staff, Army Corps Adjutant General Rădescu,[7] for the application of point 1 in the armistice agreement between the governments of the USSR, the United Kingdom, and the United States of America on the one hand, and the Romanian Government on the other hand, from September 12, 1944, the undersigned agreed to the following:

I. *The Romanian Government and the Romanian High Command*, in order to continue military operations begun on August 24, 1944, against Germany and Hungary, will proceed with the following great units and military units:

a). Infantry divisions 2, 3, 4, 6, 9, 11, 18, 19, and 21
Mountain division 3
Motorized division 8
Cavalry division 1

b). Army Corps Command II, VI, IV, and VII

c). Army Command 1 and 4

The Army Corps and Divisions will have their commands, troops, and services organized according to the annex tables in the present memorandum.

The armies will be composed organically of transmission and police units, as well as rear and service units.

II. *Special Troops*

a). An Aviation Corps composed of:
– Four reconnaissance wings I.A.R. 39 assigned to those four Army Corps [listed under 1/b]
– A bombardment wing Ju. 88
– A bombardment group composed of two dual-engine airplane wings, Savoia 79

[6] Vladislav Petrovici Vinogradov (1899–1962). Deputy of the president of the Allied (Soviet) Control Commission in Romania (September 1944–February 1945). Head of General Staff and later head of Soviet military delegation of the Allied Control Commission (February 1945–1946).

[7] Nicolae Rădescu (1874–1953). Career military officer and Romanian politician. Opponent of Ion Antonescu, interned in labor camp (1941–1942). Chief of General Staff of the Romanian Army (October 15–December 6, 1944). Last prime minister before communist takeover of the government. Escaped from the country in 1946 and then became an important figure in the Romanian exile community.

– A pursuit group composed of two wings, Messerschmidt 109 G
– A pursuit group composed of two wings IAR 80
– A fighting and dive bombardment group composed of two wings: fighter wing Henschel 129 and dive bombardment wing Ju. 87

b). An anti-aerial artillery regiment composed of four 75 mm Vickers batteries and four 20–37 mm batteries.

c). Pioneer Units
The Fourth Army will have 30 Pioneer Battalions
The First Army will have 35 Pioneer Battalions

d). Pontoneer Units
Battalion 1 and 2, Heavy Pontoon
Companies 12, 18, 19, and 21, Light Pontoons

e). Communication Units
Communication Battalion 51 of the First Army
Communication Battalion 53 of the Fourth Army
Battalion 22, Line Constructor

f). Units of the Army AA Artillery
The First and Fourth Armies will each have a mixed A.A. Artillery Division, each composed of two 75 mm Vickers batteries and three 20–37 mm batteries.

III. The units shown above will be reorganized and completed according to the tables, on the front, without interrupting operation against Germany and Hungary, in the following way:

In Northern Transylvania
The Fourth Army will be composed of Army Corps Commands 2 and 6, Infantry Divisions 3, 6, 9, 11, 18, 21, and Transport Division 8.

In Hungary
The First Army will be composed of Army Corps IV and VII with Infantry Divisions 2, 4, 19, Mountain Division 3, and Cavalry Division 1.

IV. The reorganization and completion of units and major units mentioned in the present memorandum will be finished on October 20, 1944, 24:00.

V. For the making up of losses during combat:
a). Each Army Corps will have a regiment for multiple purposes to prepare necessary requirements for infantry, artillery, and special units.

The composition of the marching regiment: three infantry battalions, an artillery division, and special sub-units.

b). The Aviation Corps will be strengthened by the dispatch of personnel prepared in corresponding schools.

VI. For the completion of Higher Units and units shown in the present memorandum, the following will be used: the personnel, animals, means of transportation, armament, Higher Units materials, and Romanian Army units that are not included in the present memorandum.

The remainder of units will be:

a). Dissolved:

– Third Army Command
– Army Corps Commands 1 and 3
– Cavalry Army Corps
– The Moto-mechanized Troops Command
– Ten infantry and mountain divisions
– A moto-mechanized division
– Three cavalry divisions

b). Demobilized as peace units:

– Army Corps Command 5
– Mountain Troops Command
– Three infantry or mountain divisions

The dissolution and demobilization will be finished on December 1, 1944.

VII. To accomplish on time the transport of personnel, materials, and possessions required for completing great units and the indicated units, the Romanian General Staff is arranging transport requests that will be included in the general transport plan of the Romanian Railways.

VIII. The present memorandum will go into effect at the moment of its signing. Arranged in Bucharest in two copies, each in Romanian and Russian, a copy for each side.

ADDITIONAL NOTE

As government commissioner and representative of the Romanian High Command, I declare that I feel the Allied (Soviet) Control Commission's decision on the number of the Romanian military units allowed to continue their existence within the country's territory is not justified by

the obligations imposed on Romania by the September 12, 1944, armistice agreement (Article 1, Article 18, annex to Article 18), stipulations that may not be modified by this memorandum.

I sign this memorandum, imposed by the Allied (Soviet) Control Commission, in order to avoid damaging consequences to common operations against Germany and Hungary.

A copy of Note no. 2748 of the Romanian Commission for the Application of the Armistice is annexed.

Signed: CHIEF OF THE GENERAL STAFF
ADJUTANT GENERAL N. Rădescu

[Appendix]

Memorandum for the General Staff

Undated [October 1944]

Mr. Chief of General Staff,

In response to your memorandum number 681.866 of October 25, 1944, I have the honor to inform you of the following.

The text in the September 12, 1944, armistice agreement that deals with the issue raised by you is Article 1.

This article stipulates that we must participate in the common war with no less than 12 infantry divisions.

This commission believes that the cited text cannot be interpreted as imposing the dissolution and demobilization of Romanian divisions left inside the country.

Signed: The President of the Romanian Commission
For the Application of the Armistice
Christu[8]

Source: Arhivele Militare Romane Piteşti, fond 5418, Marele Stat Major-Sectia III Operatii, dosar nr. 2845, ff. 30–34 (henceforth quoted as AMR).

[8] Ion Şerban Christu (1895–1953). Romanian diplomat in pre-communist government. Member of the Romanian delegation sent to Moscow to conclude the armistice of September 12, 1944, President of the Romanian Commission for the Application of the Armistice (September–November 1944), member of the Romanian delegation at the 1946 Paris Peace Conference. Removed from Ministry for Foreign Affairs, arrested by communist authorities on May 5–6, 1950. Died in communist prison at Sighetu Marmatiei.

DOCUMENT No. 4:

Report No. 30.001 from the Intelligence Service (SI) of the War Ministry Presented to the Minister of War, General Mihail Racovitză, on the Surveillance of the SI's Activities and Personnel by Special Soviet Authorities

October 4, 1944

Immediately after Soviet troops entered Romania, officers of the Romanian intelligence services who had previously operated in Russian territory during the war were pursued for interrogation. After the war, some of those found guilty for war crimes were sentenced by Romanian courts. Others were handed over by the Romanian authorities to the Soviet authorities, and then sent to the Gulag until 1955.

Memorandum by the Intelligence Service of the War Cabinet regarding the Soviet Surveillance of Intelligence Service Personnel

I. As reported by our Note on September 27 of this year, Soviet NKVD authorities located in Bucharest are taking into custody and detaining people without the assistance of Romanian authorities, and without the precise motive being known behind these acts and the agency committing them.

This procedure was and is being used against the staff of the Intelligence Service and against its informants.

In regard to this situation, I refer to the following cases:

1. On September 22 of this year, the arrest of Captain Ostrovschi Leon,[9] former chief of the Eastern Front Intelligence Center, was attempted. Following the officer's protests, he was released.

[9] Leon A. Ostrovschi (1908–1988). Cavalry captain. According to Securitate documents, as squadron chief in the Seventh Cavalry Regiment, he allegedly instigated soldiers under his command to commit summary executions among the population of Edineț (Bessarabia), as retaliation against perceived injustices committed by some of the locals in 1940, on the occasion of the Soviet ultimatum and the Romanian Army's withdrawal from the region. Continued activities for the Intelligence Service on the Eastern Front (1942–1944), sentenced in 1947 to 25 years for war crimes by Soviet authorities. In 1957, he was handed over to Romanian authorities by Soviet authorities, his sentence was partially commuted, and he was later deported (exiled) to the Bărăgan plain (1959–1964).

2. On September 26 of this year, at 13:30, [civilian employee] Neagu Stan,[10] former secretary of the Judicial Office in Odessa, was arrested at his home and has not been released.
3. On October 30, 1944, Caterciko Vladimir,[11] a Russian immigrant and informant in our service responsible for problems relating to irredentist actions of Russian immigrants, was arrested at his home.
4. On October 2, a group of six Soviet soldiers, under the pretext of willing to be quartered, identified the residence of a certain high official in the Service.
5. As ascertained in the appended note,[12] other Intelligence Service officers and civilian employees were subject of interest for Soviet NKVD authorities.

II. In addition to what has already been mentioned, the Service staff is intimidated from executing their assigned missions, recognizing that they are subject to arrest by the NKVD without any knowledge about their situation by Romanian authorities.

The undersigned—with the address No. 32.492 from September 30 of this year—I appealed at M. St. M., Section II,[13] to show the case of Captain Ostrovschi Leon and of the official Neagu Stan, demanding to make known to them that the Intelligence Service agrees to provide the necessary details concerning the activities of its staff when requested officially and by the relevant bodies.

As these measures seem not to have achieved their objective, I request that you consider informing the government itself of the situation, a practice performed in other municipalities in this country and by the personnel of other state or even private authorities, in order to intervene alongside the competent Soviet authorities, so that the inquiries, targeting

[10] Stan I. Neagu (1916–?). Code name Neagu Stanciu, special agent of the Judicial Section of the Intelligence Service. Arrested and detained by communist authorities (1951–1956).
[11] Vladimir Caterciko/Katreciko 1891–?). Mentioned in a Securitate document from February 8, 1957, as recently arrived from the USSR and described as a representative in Romania of a "terrorist" and anti-Soviet group, known as "The Brotherhood of True Russians" (Bratstvo russkoi pravdy). ACNSAS, fond Informativ, dosar nr. 211.838, vol. 456, ff. 130.
[12] Not published.
[13] Marele Stat Major, Secția a II-a: The Second Section of the General Staff, Intelligence and Counterintelligence, was the military agency for collecting intelligence, while the Intelligence Service was the civilian agency, although working under the military's command.

state or private officials—Romanian subjects—and which concern Soviet authorities, are made in agreement with the chiefs of competent police authorities.

Signed: CHIEF OF I.S. COLONEL Lissievici[14]

Source: ACNSAS, fond Informativ, dosar nr. 211.838, vol. 408, ff. 366–368 (henceforth quoted as ASRI).

[14] Ion Lissievici (1898–1974). Romanian artillery officer. Operated in the Special Intelligence Service as chief of Section I, Foreign Intelligence (May, 1941–December, 1943); commander of Regiment 14 Artillery during World War II (December 31, 1943–September 25, 1944); chief of Special Intelligence Service (September–December 1944). Arrested in March 1945, handed over to Soviet authorities, he was interrogated at Lubyanka concerning his activities with the Intelligence Service and then released by the communist authorities in December 1945. Arrested again in 1949 and sentenced to 15 years' hard labor for "conducting intense activity against the working classes" in 1957. After passing through Uranus, Făgăraş, Jilava, and Gherla prisons, instead of being released in 1963, he was in internal exile in the Bărăgan region (1963–1964).

DOCUMENT No. 5:

Romanian Note to the ACC regarding the Implementation of the Armistice Agreement

November 11, 1944

The armistice agreement was signed in Moscow on September 12, 1944. The agreement established Romania's political, economic, and military obligations. Even so, the Red Army continued to treat Romania as an occupied state, committing numerous abuses. For instance, the Soviet military command in Dobrogea intervened in the region's internal and administrative politics, giving orders and directives, thus taking the place of Romanian legal authorities.

We have been informed that in Dobrogea, the Soviet Military Command has duties incompatible with the provisions of the armistice agreement, because in the respective areas, it decides on administrative matters of a domestic nature that are incumbent upon Romanian authorities.

As an example, the appointment order of Captain Alexander Mihailovici as helper and deputy to Lieutenant Colonel Dubowitzky for the command of Constanța County, an order issued by Colonel Sidorov, mentions, among other duties:

- maintaining order in the region
- the right to arrest any person who disobeys orders or ordinances issued
- the right to stop demonstrations and meetings

From these duties, it is established that their enforcer can directly intervene in the administration and police duties of the respective territory, bypassing Romanian authorities. In fact, as a result of the Soviet Military Command order, and without any formal request or previous agreement with Romanian authorities, private machines, tractors, working animals, and others were removed.

The situation thus created contradicts the provisions in Article 17 of the armistice agreement, which states that, with the exception of a limited area behind the front line, Romanian administration is restored. It is true that the same article mentions that "Romanian administrative bodies undertaking to carry out, in the interest of reestablishing peace and security, instructions and orders of the Allied (Soviet) High Command issued by them for the purpose of securing the execution of the armistice terms."

However, this stipulation must be understood in the sense that these restrictions come from the Allied (Soviet) High Command and the Allied Control Commission, respectively, through the medium of the Romanian Commission for the armistice application, and are imparted to the superior central authorities of Romanian administration, so that these will, in turn, command their own respective bodies. If we were to accept the regional Soviet military command giving orders to Romanian administrative bodies, these bodies would find themselves receiving orders from two places, from their hierarchically superior authorities and from the Soviet Command, orders that may eventually not overlap, thus causing the misleading and inoperative implementation of Article 17 from the Armistice Convention. This would occur especially if the Soviet Command were to take direct measures over the population.

The above conditions concerning the civil administration are also valid for the headquarters and units of the Romanian military, since they receive orders from the General Staff and thus may encounter different orders, emanating from different forums. Article 1 of the armistice agreement specifies that only "the military operations against Germany and Hungary will be led by the general leadership of the Allied (Soviet) High Command," while the interior units will remain under Romanian leadership.

Therefore, we ask that you recognize that the duties and jurisdiction of the regional Soviet military command should be limited to Soviet military administration.

Regarding the implementation of Article 3 and its annex, we have the honor to present some cases and the interpretation we accorded them.

1. On the entire territory of Dobrogea, many district commanders or other various Soviet delegates present themselves to civil authorities and force them to provide all kinds of materials, threatening to take them if they do not comply.

   The annex to Article 3 stipulates providing the Allied (Soviet) High Command with Romanian military, aerial, and naval structures and installations, that is, ports, piers, barracks, airfields, etc., requested for military needs. According to Article 3, the Romanian government and the Romanian High Command must provide these through their own bodies. Regarding the materials of civil authorities and private individuals, these must be seized through legal means by the competent Romanian bodies.
2. On October 24, a number of Soviet officers arrived at the Carmen Silva Military Sanatorium, requesting the Romanian non-commis-

sioned officer, left as a warden, to surrender the entire sanatorium, without any official documentation.

That military sanatorium belongs to the military structures category mentioned in the annex to Article 3, but the non-commissioned officer warden did not hold the power to hand over the sanatorium, and much less so directly, without receiving an act from competent authorities.

We submit the above deliberations in order to assist an exact interpretation and application of the armistice conditions, in letter and in spirit.

Signed: The President of the Romanian Commission
For the Application of the Armistice
Ion Christu

Source: Arhiva Ministerului Afacerilor Externe Bucureşti, fond 71/1939 E9, vol. 189, ff. 165–166 (henceforth quoted as AMAE).

DOCUMENT No. 6:

Report on the Interrogation of Intelligence Officers by SMERSH regarding Romanian Intelligence Activities on the Eastern Front

October 12, 1944

Some officers and employees of the Romanian intelligence services operating previously on Soviet territory were arrested and interrogated by the Soviet counterintelligence organs on their activities on the Eastern Front, especially on informants who were left behind on Soviet territory and continued to be active in the USSR.

Report No. 166605 from the Judicial Office of the Intelligence Service (SI) of the War Ministry, regarding the detainment, transport to Bulgaria, and interrogation of an SI employee by the SMERSH organization attached to the Third Ukrainian Front

Special Agent N. Stanciu of the Judicial Office was arrested on September 26, 1944, at 13:15 at his home on 22 Sebastian Street by two Soviet officers—lieutenants; he was transported in a military truck and taken first to 2 Enăchiță Văcărescu Street, where there is an inn and a hotel, and was held here until September 30, 1944, and then transported again to 52 Mircea Vodă Street.[15]

On October 5, 1944, he was taken aboard a military truck from this place to Bulgaria—through Oltenița, Călărași, and Silistra—to the city of Tărnovo, where he arrived on October 7, 1944, and was held here until October 8, 1944, when he was brought back to the country and escorted by a Soviet lieutenant, and was released on October 9, 1944.

The authorities who arrested him have the name "Operativnaya Kontr-Razvedka Smersh (SMERSH)," attached to the Third Ukrainian Front.

The Russian lieutenant who arrested and investigated him inside the country is named Petro (his family name is unknown); he was escorted by Lieutenant Bairushev; he did not find out the name of the major who investigated him at Tărnovo—it seems that he was the chief of the respective organization.

From the moment of his arrest until his release, he was continuously interrogated.

The first question asked was: How many people he killed during the time he was in Russia, and how many people he recruited and left on a mission in Odessa.

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[15] Code name of Stan I. Neagu.

Then he was asked to provide an autobiography beginning at age eight, insisting especially on his "recruitment," the situation, the rank, and the course of activities in this service.

He was interrogated about Lieutenant Colonel [C.] Perju,[16] who he was, what his occupation was, how the authorities and population knew him, and then who was the boss prior to Lieutenant Colonel Perju.

He was additionally interrogated about the following [persons of this Service]: Major [I.] Curăraru,[17] Capts. Arghir,[18] [Gh.] Demetriad,[19] [R.] Hariton,[20] Dumitrescu Vasile,[21] Boris Georgescu,[22] Tănăsescu.[23]

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[16] Constantin I. Perju (1898–?). Romanian infantry officer. Participated as a volunteer in World War I and began activity on March 1, 1918. Led the Special Intelligence Service Center no. 1 Cernăuți (1942), then no. 3 Odessa (1942–1944), Galați and Timişoara (1944). On trial first by the People's Tribunal in Bucharest (1945), and then sent to the USSR and sentenced to 25 years for war crimes.

[17] Ioan Şt. Curăraru (1902–?). Romanian gendarmes officer, native of Bessarabia. Detached to the Special Intelligence Service within the ranks of the agency of the Eastern Front (1940–1944). Led Special Team "C" with the mission of recruiting and instructing agents who would operate behind the front, on the territory controlled by the Red Army, in Crimea, the Nicolaev region, Transnistria, Bessarabia, and Bucovina (November 1943–August 1944). On trial in the People's Tribunal in Bucharest (1945) and later sentenced to 15 years in prison for war crimes (1947), only to be sentenced again for the crime of "intense activity against the working classes" (1957). Afterwards he was deported to the Bărăgan region (1960–1964).

[18] Nicolae Gh. Cociubei (also known as Arghir) (1895–1970). Captain in the reserve, native of Bessarabia, superior staff employee of the Special Intelligence Service (1937–1945), deputy head of the Odessa Information Center (1942–1944), then part of Special Team "C" (1944). Arrested twice (March 1945 and 1951); imprisoned in Jilava and Făgăraş prisons. Handed over to the Soviet authorities and imprisoned in the USSR (1953–1964).

[19] Gheorghe S. Demetriade (1910–?). Special Intelligence Service employee (1934–1945), chief of the counterintelligence office of the Odessa Information Center (1942–1944). Arrested by the Securitate and handed over to Soviet authorities (1948), sentenced in the USSR to 25 years hard labor, then returned to Romanian authorities (1956), after which he was released in 1957. Allowed to leave the country and settle in the United States (1965).

[20] Code name of agent Romeo A. Aurite (1912–?). Superior staff employee of the Special Intelligence Service (1940–1945). Arrested in 1951, held in custody without trial (1951–1955).

[21] Vasile C. Dumitrescu (1916–1992). Lawyer, then Special Intelligence Service employee (1941–1944). Aide to the chief of Judicial Bureau of Odessa Information Center no. 3 (1941–1943), then Chişinău Information Center no. 2 (1943–1944). After the front's dissolution (August 1944), missing, but probably evacuated with the Chişinău Information Center, led by Gheorghe Balotescu, with the retreating German troops. After a short time in an American prisoner-of-war camp in Germany (1945–1946), he joined the American counterintelligence services (CIC) in West Germany. Settled in Munich, participated in organizations of Romanian refugees, especially editing newspapers and compiling a history of Romanian exile, published posthumously.

[22] Unidentified.

[23] Possibly Vasile Şt. Tănăsescu (1914–?). Member of the Special Intelligence Service, chief of a special team in the counterespionage wing that oversaw the USSR Legation

They demanded that he tell them who Volodia (Vladimir Iankovskii)—a top informant— was, and what the Service's informants were doing in Odessa; they also interrogated him about individuals of Russian origin who were recruited for the service and about those sent to the front line for intelligence.

He was also interrogated about the Odessa Judicial Office, who headed this office, what activities were conducted at this office, and how many people were arrested by this office.

During the time that Special Agent N. Stanciu was detained at 52 Mircea Vodă Street, Dima Feodor (without a leg), formerly in Odessa Service Center 3, who had been taken to this place after being arrested by the Russians in the city of Tulcea, took advantage of the Soviet sergeant-guard's inattention, broke open a side door, and escaped on October 3, 1944.

To all the questions of the Soviet interrogators shown above, the public servant Stanciu answered as recorded in the attached personal confidential report.[24]

In light of all that is mentioned above, we request that you proceed according to the laws.

Signed: JUDICIAL COUNSELOR Cpt. Mag. I. Vlăduță[25]

Source: Arhiva Serviciului Român de Informații, fond "D," dosar nr. 9.060/Buc., vol. 2., ff. 350–351.

in Bucharest (1937–1939), then chief of Cetatea-Albă Information Center (1943–1944). Arrested 1951, held in custody (1951–1955).

[24] Not published. The report summarizes the key issues for SMERSH investigators.

[25] Ion I. Vlăduță (1898–?). Lieutenant-colonel, magistrate, early service in the Artillery. Magistrate within the Military Police—the judicial branch of the Special Intelligence Service (1943–1947); led the Judicial Bureau of Odessa Information Center no. 3 (1943–1944), then the Judicial Branch of the Special Intelligence Service (1945–1946). Arrested in 1950 and held in custody, under the suspicion of having conducted "intense activity against the working classes" (1951–1956).

DOCUMENT No. 7:

Letter by the Deputy Chairman of the Allied Control Commission in Romania, Lieutenant-General V.P. Vinogradov, to the President of the Council of Ministers, Army Corps Adjutant General Constantin Sănătescu, regarding the Armistice Agreement

November 2, 1944

The armistice agreement of September 12, 1944, imposed on Romania burdensome economic, political, and military tasks. Despite Romanian authorities' efforts to fulfill these requests, USSR representatives in the Allied Control Commission in Romania frequently accused the Romanian government of failing to fulfill the provisions of the armistice agreement. The Soviet side actually intended to use these accusations to increase the pressure on Romanian authorities and bring the Communist Party to power.

His Excellency,
Mr. President of the Council of Ministers
Army Corps Adjutant General Sănătescu,

Mr. Prime Minister,

The amount of time that has passed since the day when the armistice convention was signed was sufficient to allow the Romanian government to start actual fulfillment of the convention's clauses.

Nevertheless, the Allied Control Commission cannot help but note completely unsatisfactory progress in implementing the armistice agreement, which can be explained by a lack of desire and goodwill on the part of the Romanian government to assure fulfillment of the armistice clauses by Romanian authorities.

This is due to the fact that those agreement articles that have not required special preparation and have met no objective difficulties have not been fulfilled. As an example, we may take a look at Article 2 of the armistice convention.

Thus far, not all German and Hungarian subjects living on Romanian territory have been interned, and those interned are kept in conditions that allow them to leave the camps every day, with no punishment for keeping contact with adherents of their movement, and for unrestricted receipt of parcels. Such conditions have allowed a number of subjects to desert. As a result not of objective conditions, but the Romanian government's lack

of desire to meet the armistice convention, the completely unsatisfactory fulfillment of Article 5 of the agreement must be explained. The Romanian authorities have therefore failed to present complete information on Soviet and allied citizens who have been forcefully displaced to Romania.

Supply of these citizens is not assured and, for this reason, these citizens are in difficult material conditions.

We have proven that various representatives of the Romanian administration are trying to influence Soviet citizens by any possible means, persuading them not to seek repatriation to the Soviet Union.

Article 8 in the armistice convention requires the Romanian government to forbid export or expropriation of various goods (including possessions and currency) owned by Germany or Hungary, or their citizens, or individuals residing on their territory or the territory occupied by those countries, without the consent of the Allied (Soviet) High Command.

Nonetheless, the Romanian government has not taken the necessary measures to ensure the application of Article 8 of the armistice agreement, either by passing respective laws or orders, or by enforcing effective control of the indicated goods and currency.

At present, goods and currency owned by indicated individuals can be taken away without any verification, which is a breach of Article 8 of the agreement.

Article 11 of the armistice agreement is clearly ignored by the Romanian government. For a month and a half, the Romanian government has done virtually nothing to implement Article 11 of the armistice agreement, and subsequent pressure by the Allied Control Commission, as late as the second half of October, made Mr. Christu present his proposals for reparations; we must note that the content of these proposals is completely unsatisfactory and shows a lack of desire to seriously and practically consider reparations to compensate for the damage inflicted by Romania on the Soviet Union.[26]

Fulfillment of Article 12 of the armistice agreement on restoration of goods owned by the Soviet Union not only fails to be enforced but encounters obstruction by Romanian authorities.

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[26] In Article 11 of the armistice convention of September 12, 1944, Romania was required to pay reparations to the USSR "because of the losses caused to the USSR by Romanian military operations and the occupation of Soviet territory." The amount of 300 million U.S. dollars was payable in six years in the form of trade goods (oil products, grain, wood, ships, various machines, etc.).

Until October 20, over a month after the signing of the armistice, completely unsatisfactory and incomplete data were received from Mr. Christu on the location of factories taken out of the Soviet Union, while at almost any factory, staff members of the Allied Control Commission actually discover large quantities of machines, installations, lathes, tractors, and other goods. At the same time, there are many cases of dismantling installations, selling them to private individuals, and concealing these activities, whereas Romanian authorities remain completely inactive about these occurrences. The installations are stolen and then rot.

To this date, the Romanian government has done nothing to assign accountability to private individuals for evading the surrender of goods transported from the USSR, which are concealed and often sold.

The organization headed by General Cassian,[27] which has been set up for the restitution of Soviet property, operates in a completely unsatisfactory way and makes the shipment of these goods proceed in an unacceptably slow manner.

The number of similar examples abounds, but even the proof shown above is sufficient to reveal existing sabotage by Romanian authorities with regard to the effort by the Romanian government to fulfill the clauses of the armistice.

The present state of affairs can no longer be tolerated.

The fulfillment of the armistice convention's clauses in the shortest possible amount of time is the Romanian government's obligation, the implementation of which it has sought to avoid until now.

This avoidance has expressed itself in delayed fulfillment of the armistice's clauses, in tabling clearly unreasonable and deliberately unacceptable proposals to the Soviet government with regard to the methods by which Romania intended to fulfill its obligation in Article 11 of the armistice convention, such as attempts to overinflate the prices of goods provided on the account of these obligations, etc.

The Allied Control Commission requests that the Romanian government cease its policy of delaying the fulfillment of the obligations it consented to in the armistice convention of September 12 and to start seriously rapid and conscientious fulfillment of all armistice obligations.

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[27] Gheorghe Cassian (1892–?). Romanian career military officer. Colonel starting in 1938, then brigade general from 1943. Head of the Control Directorate of the War Industry (1943–1945). Placed in the reserve (March 24, 1945).

The Allied Control Commission draws the Romanian government's attention to the grave situation created in connection with the fulfillment of the armistice of September 12 of this year and requests that measures be taken to ensure the fulfillment of the convention without delay.

Signed: The Deputy of Allied Control Commission President
In Romania
Lieutenant-General Vinogradov[28]

Allied Control Commission Chief of Staff,
Major Guard General Vasiliev[29]

The text of this document was submitted by the vice-president of the Allied Control Commission, Lieutenant-General Mr. Vinogradov, on November 2, 1944, to the Army Corps Adjutant General Sănătescu,[30] the president of the Council of Ministers.

Source: Arhivele Naționale Istorice Centrale București, fond Ministerul Propagandei Naționale, Presa internă, dosar nr. 2/1944, ff. 24–26 (henceforth quoted as ANIC).

[28] Lieutenant General Vladislav Petrovici Vinogradov (1899–1962). Deputy of the president of the Allied (Soviet) Control Commission in Romania (September 1944–February 1945). Head of Major Staff and later head of Soviet military delegation of the Allied Control Commission (February 1945–1946).

[29] Unidentified.

[30] Constantin Sănătescu (1885–1947). Army general, Romanian career military officer. Served in World War I, head of Royal Military House (1943–1944), president of Council of Ministers (1944), chief of General Staff (December 12, 1944–June 19, 1945).

DOCUMENT No. 8:

Note by Marshal Rodion Malinovskii on the Administration of Northern Transylvania

November 20, 1944

On October 25, 1944, Romanian and Soviet troops took Northern Transylvania. According to Article 19 of the September 12, 1944, armistice agreement, Transylvania or the greater part thereof was to become part of Romania. Despite this stipulation, the argument that atrocities were being committed by Romanian paramilitary bands in the region was used by Soviet authorities to prevent return of the Romanian administration to Northern Transylvania. The Kremlin thus exploited the issue of Transylvania as blackmail and made its official response to the following letter contingent on the "democratization" of political life in Romania. It was only after the communist Petru Groza government was set up on March 6, 1945, that Stalin permitted the return of the Romanian administration to Northern Transylvania.

The armistice agreement states that the Transylvanian question will be solved by the peace treaty when it is decided that Transylvania or the greater part thereof will become part of the Romanian state.

As a result, it is not possible to re-establish Romanian administration in Transylvania until the signing of the peace treaty.

Signed: Malinovskii
(R. MALINOVSKII)

Source: AMR, fond. 5418, Marele Stat Major-Secția III Operații, dosar nr. 2845, ff. 261–262.

DOCUMENT No. 9:

Order of the Allied Control Commission in Romania on Relations between the Red Army and the Romanian Authorities

November 29, 1944

After the military occupation of Romania, the Soviet military command and military units in Romania issued instructions to Romanian authorities and civilians with regard to the supply of food and quarters. Many such instructions were contrary to the provisions of the armistice agreement. Likewise, many abuses committed by Red Army soldiers were frequently recorded. Confronted with this situation, the Allied Control Commission decided to intervene in order to halt abuses and illegal activities.

By information received in the form of complaints and claims from the Ministry of War and other ministries in Romania, and private organizations and individuals, it is known that Red Army units, the military command in different locations, and individual Red Army soldiers are imposing all kinds of requirements on local administrative agencies and private individuals.

These requests are to provide food and fodder, lodging and equipment, without orders by the High Command and without reimbursement, as well as for employment of the civilian population for unimportant work to serve Soviet military institutions.

There were cases of arbitrary requisition of military premises and depots without prior agreements with local Romanian authorities.

Soviet military commanders in some counties are creating problems for the Romanian deputies charged with supplying food, cattle, and vegetables needed for workers and functionaries in various enterprises and institutions.

Apart from this, the unlawful confiscation of different goods from their owners continues.

Measures will be taken to:

1. Stop demands for food supplies and other goods from the local Romanian authorities, organizations, and private individuals from the local population, and abide by the armistice agreement.

All these requests for food, premises, and apartments must be satisfied by the local administrative authorities according to your request, and based on the corresponding forms envisioned by Article 10 of the armistice agreement. The same applies to supplying Red Army units that are passing through.

2. Forbid Soviet military units and individual soldiers to confiscate goods belonging to Romanians, goods not included under the category of spoils of war previously brought from the USSR.
3. Do not impede delegates of the Romanian authorities seeking to meet the supply needs of urban populations, industrial institutions, and the Romanian Army.
4. Do not interfere with conflict management of Romanian authorities and private individuals.
5. Forbid conduct completely devoid of tact in their relations with the representatives of Romanian authorities, firms, and other organizations.

In this manner, you will train all personnel under your command.

Signed: Vinogradov

Source: ACNSAS, fond Documentar, dosar nr. 4018, ff. 360.

DOCUMENT No. 10:

Note regarding Conduct of Police and Gendarmerie Personnel vis-à-vis Representatives of the Soviet Armed Forces

February 2, 1945

The attitude of the Romanian army, gendarmerie, and police with regard to Soviet soldiers who committed offenses on Romanian territory was regulated by an order of the General Staff in September 1944, but this order was cancelled as a result of intervention by the Allied Control Commission in Romania. Romanian military authorities requested instructions on how their army, police, and gendarmerie were to behave given the alarming increase of incidents caused by Soviet soldiers.

I. In the initial order No. 984.200 from September 30, 1944, the General Staff signaled the attitude the Romanian Army, gendarmerie, and police members must take in relation to the various criminals dressed in uniforms of the Allied armies.

This order was cancelled at the request of the Allied Control Commission, to be replaced by another order, which was nevertheless never declared because an agreement was never reached concerning the need for this order and the language proposed by the general staff.

The many incidents and attacks that have continued lately with increased intensity against army personnel and materials, as well as civilians, call for urgent and imperative attention and a change in the regulation of response procedures by the army and the authorities.

Presently, because of the lack of such regulation and the fact that all who acted have been arrested, judged, and sentenced by the Soviet command, our authorities lack initiative and are powerless in the face of all the incidents provoked by soldiers in Soviet uniforms. Even sentinels, patrols, and other military security personnel lack the courage to follow orders; thus they allow their being disarmed and maltreated, and allow for removal of materials under their custody.

The current state of affairs has also contributed the general nature of the Ordinance Law, which prescribes the death penalty for all those who commit armed attacks against Allied soldiers but fails to establish instances of legitimate defense of self and goods, as well as the execution of regulation orders.

Because of this situation, the Romanian command and authorities frequently appeal to the General Staff, pointing out incidents and attacks perpetrated by Allied soldiers, and also request information regarding whether the right to legitimate defense, as stipulated in the Penal Code, may still be applied in relation to Allied soldiers or whether this is considered a hostile act.

For all these reasons, the General Staff considers it necessary and urgent to clearly spell out the attitude of the army, the authorities, and the police when the behavior and actions of Soviet troops go against the law, regulations, and orders, as well as in instances of legitimate self-defense and defense of private and state property.

II. The Gendarmerie General Inspectorate shows, in Letter No. 52.535 to the Ministry of Internal Cabinet Affairs, that as a result of the different orders, the authorities and especially police and gendarmerie personnel, during interventions to settle conflicts provoked by elements dressed in Soviet army uniforms, do not know which stance to take when confronted with aggression or even gunshots.

This state of uncertainty diminishes the public order personnel's ability to intervene, as the disorderly elements wearing the Soviet army uniform, who can include deserters and common criminals, can take action protected by this uniform and give orders concerning gendarmerie personnel procedures when these gendarmes intervene preventively or repressively against theft, and especially when thieves react with the use of firearms, knowing that, until they are identified, it is unknown whether they are Soviet soldiers or Romanian deserters.

The prime minister has sent this report of the Gendarmerie General Inspectorate to the Romanian Commission for the Application of the Armistice in order to make the necessary request to the Allied Control Commission.

As a result of this situation, which is causing grave moral and material handicap to the authorities and civilians by placing them in the impossible situation of defense and identification of the perpetrators dressed in Allied uniforms or deserters or Romanian general criminals, the following conditions, in agreement with the Judicial Counselor of the Commission for the Application of the Armistice, are proposed:

1. We request the Allied Control Commission's approval for:
a. Sentinels, armed guards, and those in charge of the safety of state goods should be authorized to halt a person,even to the point of opening fire, to execute their orders. Civilians and military personnel who find themselves in legitimate defense or find their resi-

dence being burglarized should be authorized to open fire when their life or belongings are threatened, according to legal provisions found in Romanian laws.

b. Incidents arising in relation to those mentioned above should be investigated by a joint committee under the direction of a Soviet delegate when the victim is a Soviet citizen, or under the direction of a Romanian delegate when the victim is a Romanian citizen.

Signed: GENERAL COUNSELOR FOR MILITARY MATTERS
Pretorian S.[31]

Source: AMR, fond 1834, Comisia Română Pentru Aplicarea Armistițiului, dosar nr. 199, ff. 506–507.

[31] Division General Septimiu Pretorian (1893–?). Romanian career military officer. Served in World War I and World War II. Head of the Military Delegation of the Romanian Commission for the Enforcement of the Armistice Agreement. Military counselor in Romanian armistice delegation (September 1944–October 1946), general secretary of Ministry of War (October 1946–July 1947), head of General Staff (December 12, 1947–January 30, 1948); discharged May 1, 1948. Member of the Romanian Communist Party, arrested July 1948, sentenced to 12 years in prison, pardoned in 1951 and released in 1952.

DOCUMENT No. 11:

Note by Chief of Staff Army Corps Adjutant General Constantin Sănătescu to Lieutenant-General Vinogradov regarding Disarmament of Romanian Units

March 5, 1945

In the context of the political crisis in Romania instigated by members of the Communist Party that resulted in the resignation of the Nicolae Rădescu government, the Allied Control Commission decided on February 28, 1945, to disarm numerous Romanian military units, as well as all military guards who protected the Ministry of War and the General Staff. Soviet authorities thus sought to forestall possible reaction by the Romanian army in support of General Nicolae Rădescu during the political crisis in Romania. The head of the Romanian General Staff protested vehemently against the measures taken by the Allied Control Commission in Romania, but these protests were to no avail.

In response to your note no. B.430 of February 28, 1945, I have the honor to bring the following to your attention:

1. The removal of all weapons from the units specified in the note above, from the unit in charge of guarding factories that produce war materials, from the materiel depots, and from the premises of the War Ministry and the general staff, not only represent demeaning measures for the Romanian Army but also put the Supreme Command and the retention of our matériel in moral and material uncertainty.

2. The general staff draws the attention of the Allied Control Commission to the fact that disarmament of all the guards and units mentioned results in the gravest consequences for the morale of the entire population, as well as of the army, which must not be subjected to such contradictory treatment that, on the front, they are fighting comrades whose continuous efforts are required, while on their own territory they are subjected to imprisonment, disarmament, and abuse.

3. Explaining these measures by saying that these units or guards will not request the use of weapons is surprising, because in any army in the world, any sentinel and guard who has to maintain the security of a building or depot must have a weapon.

Justifying this disarmament on the grounds that the use of weapons by enemy elements to the state must be avoided is in contradiction with the previous stipulation, because if there is such an apprehension, then the guards should be strengthened and armed all the more.

4. The General Staff protests against these acts of disarmament, which constitute a categorical violation of the armistice agreement's stipulations, and wants to reveal to the Allied Control Commission the grave consequences that result from leaving our military institutions to arbitrary action by scoundrels, consequences that make it easier for deserters and imprisoned individuals to escape and that also demoralize the Romanian Army.

As a result, we request immediate repeal of these measures.

Signed: General Chief of Staff Army Corps General C. Sănătescu

Source: AMR, fond 1834, Comisia Română Pentru Aplicarea Armistițiului, dosar nr. 199, ff. 91–92.

DOCUMENT No. 12:

Report to L.P. Beria on the Political Situation in Romania[32]

March 5, 1945

With the forced resignation of General Nicolae Rădescu's government, the political crisis in Romania reached its peak. The democratic parties and the king's entourage considered putting forward a non-party cabinet to be headed by Prince Barbu Ştirbey to prevent the formation of a predominantly communist government under Petru Groza's leadership. The following document describes the political developments and the influence exercised by the USSR through the Allied Control Commission, which enforced disarmament and the drastic reduction of the Romanian army, police, and gendarmerie forces and supported the continuous communist assault on the public administration throughout the country.

[Bucharest]
Top secret

Moscow, NKVD of the USSR—to Comrade Beria[33]

We hereby submit to you a report on the political situation and events in Romania as of March 4, 1945.

The issue of forming a democratic coalition government remains open.

The King's camarilla, consisting of Prince [Barbu] Ştirbey, [I.M.] Stârcea,[34] and Colonel [Octav] Ulea,[35] is strongly influencing the king with its objections to approval of the formation of Petru Groza's cabinet.[36]

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[32] Sent to I. Stalin, V. Molotov, and G. Malenkov.

[33] Lavrentii Pavlovich Beria (1899–1953). Soviet politician, marshal of the Soviet Union, deputy premier (1946–1953), and chief of the Soviet Security Service NKVD/MGB (1938–1953). After Stalin's death, was arrested, sentenced to death, and executed.

[34] Ioan Mocsonyi-Stârcea (1909–1991). Major landowner, industrialist, and Romanian diplomat (1934–1944). Marshal of the Royal Household (1942–1944). Arrested in 1947 by the communist authorities and sentenced initially to two years' imprisonment, later in 1954 to 15 years. Released in 1962, he emigrated in 1964 to Switzerland.

[35] Octav Ullea (1889–1960). Romanian military career officer, served in World War I. Director of the Royal Household (1930–1940); head of the Civil Chancery (1940–1947). He accompanied King Michael into exile (1948). Colonel in the reserve (June 1, 1938); brigadier general in the reserve (August 3, 1945).

[36] Petru Groza (1884–1958). Romanian politician. Began his career as deputy of the Romanian National Party in 1919, then entered the People's Party and served as minister. Founded and led the Ploughmen's Front, the interwar group that later became important by association with the communists. This led to his position as prime minister (1945–1952), and then as formal head of state (1952–1958).

Late in the evening of March 2, a consultation was held in the king's palace. It was presided over by the king and attended by [Dumitru] Negel,[37] Ştirbey,[38] [Iuliu] Maniu,[39] and [Constantin I.C.] Brătianu,[40] and it was decided to continue delaying the formation of a democratically concentrated government. In pursuit of this goal, Tătărescu,[41] who is a puppet of this clique, met with Petru Groza early in the morning of March 3 and put forward new claims, notwithstanding the fact that an agreement on the distribution of ministerial posts and the participation of Tătărescu's group in the government had been reached on March 2.

During the evening of March 3, Petru Groza was received by the king three times. The king told Petru Groza that, according to the constitution, he wants all parties, including the Peasant and the Liberal parties, to participate in the government, whereas this fact is not sufficiently taken into account in the list of government members put forward by Petru Groza.

Petru Groza answered that, considering the political situation, there is no other option than to form a democratic coalition government and that

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[37] Dimitrie Negel (1890–1969). Landowner and administrator of the Crown Domains (1942–1947) and marshal of the Royal Court (1944–1947). Undersecretary of state for supply at the Ministry of National Economy (May 26–November 17, 1941); minister of agriculture (August 23–November 4, 1944); minister ad-interim of justice (October 13–November 4, 1944).

[38] Barbu Ştirbey (1872–1946). Romanian politician. Honorary Member of the Romanian Academy. President of the Council of Ministers and minister of the interior (June 4–20, 1927). Involved in the armistice talks for Romania's exit from the war (1944).

[39] Iuliu Maniu (1873–1953). Romanian politician. Began his career in the Hungarian Parliament before 1918. After Transylvania's unification with Romania, he became deputy, minister, and prime minister in a number of governments. Member and president of the National Peasant Party. Opponent of Carol II and the Antonescu dictatorship. Possibly the most important opponent of the government organized by the communists in 1945–1947. Arrested in 1947, involved in a highly publicized trial, and sentenced to life in prison. Died in Sighet prison.

[40] Constantin I.C. (Dinu) Brătianu (1866–1950). Romanian politician. President of the National Liberal Party (1934–1947); deputy and minister in a number of governments. Opponent of Carol II and Antonescu dictatorships. Also a leader of anticommunist opposition. Arrested in 1950; died in prison at Sighet.

[41] Gheorghe Tătărescu (1886–1957). Romanian politician; member of National Liberal Party; prime minister (1934–1937, 1939–1940). One of the most important allies of King Carol II, including after Carol established his personal dictatorship in 1938. Tătărescu was isolated by democratic political circles after Romania's exit from the German alliance, as he approached the communists and the alliance dominated by them, leading the dissident faction of the National Liberal Party. This earned him the position of vice prime minister and minister of foreign affairs (1945–1947). Removed by communists in 1947, arrested and imprisoned without trial (1951–1955).

cooperation between the National-Democratic Front and the historical parties is not possible.

The members of the government proposed by Petru Groza are not seen as acceptable by the leaders of the historical parties because, in their opinion, no members of the Țărănesc Party and no liberals were included.

In spite of the fact that Petru Groza formulated the issue of urgent cabinet formation very rigidly, the king told him that he would call for him again.

As a consequence, the king succeeded in postponing the final decision on this issue until Monday, March 5.

The big demonstration of the National-Democratic Front in Bucharest that had been planned for today, and at which they had planned to demand the formation of the cabinet headed by Petru Groza to be completed, was postponed until Monday.[42]

In the event that the king does not give his consent, the leadership of the compatriot is preparing for the formation of the intended cabinet of Petru Groza.[43] They intend to push it through without [the king's] permission by appealing to the public.

We are implementing the necessary organizational measures.

The leadership of the Allied Control Commission continues to further reduce the Bucharest garrison and to remove armaments.

Three of our divisions are expected to arrive in the vicinity of Bucharest on March 4–5.

The situation in the capital and in the other central cities continues to be tense.

The leadership of the Țărănesc Party thinks that an occupation by Soviet troops would be preferable for Romania's future to the king's voluntary consent for the government proposed by Petru Groza.

On March 2, Dinu Brătianu declared that he is not able to take part in the cooperationist government—not for reasons of party political pride but because the compatriot [Petru Groza] will gain the majority and will make a number of decisions in which the historical parties will be forced to participate, a fact that the liberals do not approve of.

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[42] National-Democratic Front. Created on October 12, 1944, by the Romanian Communist Party, the Social Democratic Party, the Ploughmen's Front, the Patriotic Union, and the General Labor Confederation.

[43] Meaning the communists.

The king, Maniu, and Brătianu are highly dissatisfied with the fact that the British and the Americans are not interfering with present events in Romania.

There are rumors that, on the evening of March 3, a telegram of unknown contents was sent from the king's palace to London. There are also rumors that simultaneously, telegrams were sent to Beneš, asking him to intervene in Romanian affairs and to inform comrade Stalin about it.

There are rumors that the king, Maniu, and Brătianu have decided to delay the formation of the new government until they receive an answer from London. According to these rumors, this will create a tense atmosphere in the country, forcing the Russians to take some kind of drastic measures, which will then demonstrate that they are actively intervening in Romanian internal affairs.

According to information from our agents, the king is planning to entrust N. Lupu with the formation of a cabinet in the event that comrade Vyshinskii categorically demands the quick formation of a government.[44]

N. Lupu will have to accept all proposals from the National-Democratic Front but will not implement them.

The deputy director of the "Secret Intelligence Service," Kintescu,[45] has been instructed to immediately compile a list of 200 members of the intelligentsia who have not been involved in politics and remain out of it.

One can assume that this is how they want to select people for the formation of a "government of experts."

The officers of the Romanian army are agitating among the soldiers by telling them that the internal situation in the country is very dangerous as a result of the fact that the issue of Romania's independence is currently at stake. The soldiers are being told that they must be prepared to take up arms.

Soldiers of the Romanian units who support the National-Democratic Front are systematically flogged.

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[44] Nicolae Gh. Lupu (1876–1946). Romanian doctor and politician. Liberal deputy in Moldavia (1907), then minister of the interior (1919–1920), minister of labor as a Peasant Party member but in liberal governments (1927–1928), vice-president of the National Peasant Party (1926–1927 and 1934–1946), he laid the foundations of a Peasant Party dissidence with the aim—approved by the communists—of weakening the main opposition party, the NPP (1946).

[45] Gheorghe Kintescu (1901–1948). Deputy director of the Secret Intelligence Service (1944–1945), arrested and sentenced for "conspiracy" against the Groza government (1946), died in prison.

When a military transport with industrial machinery designed to be sent to the USSR was unloaded in the city of Constanța on March 1, an aerial bomb was discovered. The transport had been loaded on February 22 at the Malaxa Factory.

On the night of March 1–2, the workers' committees of the oil refineries continued to disarm the gendarmerie guards in the city of Ploieşti. By the morning of March 2, the guards in all plants were disarmed.

In the Română-Americană, Lacea-Română,[46] Xenia, Vega, Orion, and Columbia factories, the following arms were confiscated: six light machine guns, 25 sub-machine guns, 171 grenades, 26 rifles, 14 handguns and 23 boxes with cartridges.

In the Astra-Română Factory, the workers confiscated three trucks full of arms and ammunition from the gendarmes.

Despite the armed resistance of the gendarmerie guards in this factory and the fact that it was they who opened fire, they were disarmed.

The workers of the oil refinery in Ploieşti are in a combative mood.

Reactionary statements were made by officials and engineers.

Gendarmes distributed the leaflets for the nationalist Țărănesc [leaders] in the city of Leu; in Caracal the people occupied the building of the prefecture, expelled the old prefect, and appointed the compatriot Olteanu as the new one.

There was no opposition from the gendarmes.

The inhabitants of the city of Turnu Severin elected a new prefect—the advocate Baselai who is a supporter of the national-democratic front—instead of the old prefect Ionescu, who was a protégé of Rădescu.[47]

Ovakimyan, Timofeyev, Kuznetsov[48]

Reprinted in T.V. Volokitina et al., eds., Vostochnaya Evropa v dokumentakh rossiiskikh arkhivov 1944–1953gg. Tom I 1944–1948 gg. *Moscow: Sibirskii khronograf 1997, 167–170.*

[46] Probably Dacia or Română.

[47] Dumitru Bazalan. Lawyer, born in 1908; appointed director of the prisons (1945–1948) and chief of the road communication service in the Bucharest Directorate for Militia (1948–1954).

[48] G.B. Ovakimyan: head of the Third Department of the First Directorate of the NKVD. A.S. Kuznetsov: head of the First Secret Department of the NKVD. P.P. Timofeyev: head of the First Department of the Second Directorate of the NKGB of the USSR.

DOCUMENT No. 13:

Agreement of Economic Cooperation between the Kingdom of Romania and the Union of Soviet Socialist Republics

May 8, 1945

After leaving the alliance with Germany on August 23, 1944, Romania found itself completely isolated from its raw material resources and important commodity markets. In order to get out of this isolation and to have the resources needed for the economy, Romania had to have a strong economic partner. Therefore, negotiations with the Soviet side appeared to provide the only possible solution, given the military and political context of the time. The USSR used economic cooperation as a basis to ensure long-term exploitation for maximum profit from Romanian economic resources and to provide the USSR with a commanding influence on important sectors of the Romanian economy. A few months later, the USSR signed an identical agreement with Hungary with similar consequences.

In order to ensure the development of economic relations in the manner most conducive to the reciprocal interests of the two countries, the government of the Union of Soviet Socialist Republics and the government of Romania have decided to establish, through this Agreement on Economic Cooperation, the principles on which economic cooperation between the two countries will be based and which are inspired, on the one hand, by the need to restore and elevate the production possibilities of Romania, and on the other hand, by the commercial interests of the Union of Soviet Socialist Republics.

Chapter 1. *FIELDS OF ECONOMIC COOPERATION*
Article 1. Investment of the USSR's expertise and capital in the intensification of Romanian economic activities will find its application particularly in the following sectors:

A. *AGRICULTURE*

1. A Soviet-Romanian scientific institute for research will be founded, which will enable an exchange of experiences and achievements regarding the improvement of agricultural production, especially the expansion of industrial crop cultivation.

Within this institute, there will be an exchange of experts and technicians, specialists in mechanized agriculture, as well as in problems dealing with the enlargement and improvement of existing crops.

2. Providing agricultural machines and tools for use will be encouraged, either through rental form or through permanent ownership, in order to equip mechanized agricultural centers that are being created on Romanian territory.

B. *INDUSTRY*

1. In the food processing industry, participation with regard to the new food processing industry (factories of canned vegetables, fruits, the industrialization of dairy products, concentrated foods, etc.)

2. Participation in petroleum and coal prospecting, exploration, and exploitation, through the founding of Romanian-Soviet enterprises that will create new industries for processing combustible fossils and their derivatives.

Romanian-Soviet enterprises will be created with the purpose of exploiting metal ore deposits in Romania. These enterprises will explore and exploit new mineral regions and will build contiguous industrial plants for processing minerals and metals.

3. In the processing industry, participation in the exploitation and industrialization of timber: on the one hand, it will facilitate particularly the contribution of modern equipment to respective factories and the local railways responsible for the operations of forestry industries damaged in the war, and on the other hand, the export to the USSR of timber material produced in the respective factories; likewise, participation in the development of the glass and window industries, as well as cooperation in the iron and steel industry.

C. *TRANSPORTATION, WATERWAYS*

1. Participation at industrial facilities responsible for port outfitting and assembly of hydraulic plants, with regard to the electrification of thoroughfare [roads] and the distribution of electricity in cities and villages.
2. Arrangement, through mutual agreement between the two states, regarding navigation operations on the Danube and the sea for the vessels belonging to the two states and existing Romanian companies.

3. Arrangement, through mutual agreement between the two states, regarding the exploitation of airways concerning both states.

D. *COMMERCIAL BANKING*

Establishment of banking organizations with joint participation, which should first of all follow the financing of different operations, such as those resulting from the commercial exchanges between the Union of Soviet Socialist Republics and Romania, as well as those deriving from this cooperation agreement.

Chapter II. *MODALITY OF COOPERATION*

Article 2. The two governments will support each other in establishing the joint organizations and associations that are destined to carry out the general plan of cooperation displayed in Chapter 1, Article 1.

In the plan mentioned above, the organizations commissioned by the government of the Union of Soviet Socialist Republics will establish, through mutual agreement with the interested individuals or associations in Romania or with the authorities or organizations recommended by the Romanian government, the modes of participation that may consist of either enlarging the possibilities for activity of some existing enterprises or organizations—through the contributions of organizations directed by the government of the Union of Soviet Socialist Republics—or through the establishment of organizations with joint participation that may use, through rentals or leases, existing enterprises and explorations, or those which may directly receive concessions for explorations or exploitations.

Participation of the organizations designated by the government of the Union of Soviet Socialist Republics, as shown at either point of mutual interest in the preceding paragraph, and given the current situation of the Romanian economy and the exceptional debts with which they must comply in a timely manner, as much as possible, will consist of a contribution of equipment and goods intended for the enhancement of production potential of the respective branches of the Romanian economy, or consist of a means of payment that will permit the acquisition of equipment or goods where such may be found.

Article 3. The participation agreements established between the organizations commissioned by the Union of Soviet Socialist Republics government on the one hand, and the authorities, organizations, individuals, and

associations interested in Romania and recommended by the Romanian government on the other hand, will be subject to approval by the competent bodies in the two countries.

Article 4. Aside from the forms of cooperation mentioned above, the Romanian government will enable the processing of raw materials provided by the Union of Soviet Socialist Republics in existing factories inside of Romania.

Article 5. The annual results produced by the organizations authorized by the government of the Union of Soviet Socialist Republics, according to the stipulations set by participation quotas found in every form of cooperation shown above, may be liquidated toward the Union of Soviet Socialist Republics in accordance with the provisions set by commercial arrangements, and by payments that will be established periodically (annually) between the two governments, bearing in mind the net possibilities of Romanian export, as well as the balance of payments at the closing date of those arrangements.

Chapter III. *FINAL PROVISIONS*

Article 6. A Commission composed of representatives from the two governments will meet periodically to examine the status of the different activities found in the general plan of cooperation in Article 1, as well as the overall status of economic relations between Romania and the Union of Soviet Socialist Republics resulting from annual commercial arrangements, or from other economic arrangements established between the two governments according to the Economic Agreement of Cooperation.

In regards to the increasingly complex character toward which economic relations between Romania and the USSR are heading, the purpose of this Commission will be to supervise periodically all of these activities, coordinating efforts and signaling to leading circles the deficiencies and means of improvement.

Article 7. The commercial exchanges between Romania and the Union of Soviet Socialist Republics, as well as payments between the two countries, will be regulated by separate agreements based on maintaining a balance between the reciprocal trade of goods and the mutual treatment concerning non-commercial payments.

Article 8. The current Agreement of Cooperation will be subject to ratification by both governments and will go into effect on the date of the approval of the documents in Bucharest; it will remain in effect for a period

of five years, beginning on the date of the signing. If not cancelled one year before its expiration, it will be renewed informally and extended with the possibility of annulment, given one year's notice.

Done in Moscow, in two original copies in the Romanian and Russian language, both copies being authentic.

Union of Soviet Socialist Republics Representative, Romanian Government Representative,

Signed: A.I. Mikoyan
M. Durma[49]

Source: ANIC, fond Casa Regală, dosar nr. 38/1945, ff. 15–16. A.

[49] Mircea Durma. Lawyer and financier. Director of Romanian Credit Bank. Although not an enlisted member of the Liberal Party, he was appointed secretary general (1936–1937), undersecretary of state (March 6–April 11, 1945) at the Finance Ministry, and finance minister (April 11–August 23, 1945) in the Groza cabinet.

DOCUMENT No. 14:

Memorandum of Agreement on Economic Cooperation between the Kingdom of Romania and the USSR

May 8, 1945

The memorandum of agreement set up the general framework for establishing the future Romanian-Soviet joint-stock companies (sovroms) in key areas of the Romanian economy: Sovrompetrol, Sovrombank, Sovromtransport, Sovromlemn, and TARS. Nevertheless, evidence of Soviet intent to appear as a benefactor was provided by 2,000 tractors made available "for utilization," which, however, were the property of Romanian citizens and Romanian institutions. This intent was also demonstrated when an urgent problem concerning Romanian cotton mills was solved; prior to this, the Allied Control Commission authorities had rejected the import of cotton from third countries.

In relation to the signing in Moscow of the Agreement bearing today's date, regarding the economic cooperation between the Kingdom of Romania and the USSR, and with the purpose of a more effective, practical application of the main principles enacted by the agreement above, the Romanian Minister of Finance, M. Durma, commissioned by the Romanian government, and the People's Commissar for Foreign Trade of the USSR, A.I. Mikoyan, commissioned by the USSR government, have signed the current memorandum pertaining to the content and forms of organization of the two countries' cooperation in some sectors of the Romanian economy mentioned in this agreement.

A. *AGRICULTURE*

1. The government of the USSR agrees to cede for utilization to the Romanian government 2,000 tractors, which according to Article 12 of the Armistice Convention, must be given back to the USSR.

The parties will agree to the tractor usage conditions within a month of the signing date of the current memorandum.

B. *INDUSTRY*

I. *Exploration and Exploitation of Petroleum*

1. The Romanian government and the USSR government agree to establish a Soviet-Romanian company for the exploration, exploitation, processing,

and sale of petroleum and petroleum products; participation in this company may be extended to private companies, individuals, and associations.

2. The Romanian government cedes to this company the following contribution:

a) Concessions of new oil fields according to a list to be agreed upon by the two governments.
b) At least 50 percent of crude oil due in the form of royalties to the Romanian state.

3. The USSR government cedes to the company contributions in the form of necessary equipment for the development of its activities, equipment that will be put to use according to the development of the company's activities and its program.

4. Each of the two governments will possess equal responsibilities in the leadership of this company's activity; in the company's governing body the two governments will be represented by an equal number of votes, with a president from the Romanian side and a vice-president from the Soviet side. The executive functions will be given to a general director chosen by the Soviet side and a general director deputy chosen by the Romanian side.

5. The Romanian government will grant the company the option to explore other open land tracts not included in the list provided in point 2, as well as all of the exploitation rights obtained from these explorations according to Romanian laws in effect.

6. The judicial, financial, and technical conditions regarding the organization of the company's activities will be determined within two months following the signing of the current memorandum through a separate agreement between the two governments.

Chapter II. *TIMBER INDUSTRY*

In order to achieve economic cooperation in the field of exploitation and the industrialization of the forestry economy, the development of different branches of the Romanian forestry industry, and the export of manufactured timber products from Romania to the USSR, as well as other countries, the two governments will instruct the respective bodies to study the conditions, volume, and forms of cooperation within two months from the signing of the agreement, and to present proposals regarding the finalization of the respective terms.

Chapter III. *METALLURGY, MACHINERY, MINING, AND GLASS INDUSTRIES*

1. The USSR government and the Romanian government have agreed for the respective economic organizations from the USSR to participate in the Reşiţa Iron Works and Fields joint-stock company.[50] The Romanian government will assist this organization in acquiring stock from the aforementioned company, in a sum at least equal to the amount of this company's debts to the USSR for the Krivoi Rog iron ore and the metals brought by Romania from the USSR.[51]

2. The Romanian government will guarantee to the USSR organizations the possibility to gain knowledge of technical documents, maps, and all data necessary for the exploitation of metal and other ores, after which the two governments will determine the respective volume and forms of cooperation.

3. In order to achieve cooperation in the glass industry, the two governments will entrust their own respective bodies to study, within two months from the signing of this agreement, the volume and forms of cooperation and to present proposals concerning the development and endowment of the glass industry in Romania.

C. *TRANSPORTATION*

I. WATERWAY TRANSPORTATION

1. The government of the USSR and the government of Romania agree to establish a Soviet-Romanian navigation company for the administration of river and maritime transportation, and for the use of

[50] The Reşiţa Iron Works and Fields was the largest metallurgical company during the interwar period, created in 1920 through the patrimony of the Austrian multinational capital company StEG. Having gone through successive ownership from foreign capital, such as English, Austrian, Czechoslovak, and French, it was taken over by the German company Hermann Göring Werke during World War II, despite the efforts of the Romanian state to stop this. Technologically, the company owned the most modern industrial equipment in the country, manufacturing locomotives and track material, iron bridges, laminate products, coal, electric motors, transformers, and arms.

[51] The Soviets asserted that Romania had a series of debts to the USSR resulting from the application of the Commercial and Navigation Treaty between the Romanian Kingdom and the USSR, signed on February 26, 1941, in Moscow. Additionally, the Soviets asserted that some of these debts also resulted from the large quantities of iron and metal taken by the Romanian Army on Soviet territory during the Eastern Campaign of June 22, 1941, to August 23, 1944.

Constanța, Brăila, Galați, and Giurgiu ports;[52] participation in this company may include private Romanian companies, associations, and individuals who possess vessels and naval construction and repair factories.

2. The company's founders will contribute, according to an agreement between the parties, river vessels, and port equipment. Maritime vessels and some of the river vessels will be made available to the company by the two governments according to the conditions of a long-term charter.
3. The Romanian government will give the company, on lease, port installations from the aforementioned ports, as well as naval construction and repair factories.
4. The company's leadership will be organized according to the same criteria as those found in the current memorandum concerning petroleum exploration and exploitation.
5. The judicial, financial, and technical conditions regarding the organization of the company's activities will be determined within two months following the signing of the current memorandum through a separate agreement between the two governments.
6. The USSR government and the Romanian government agree that the maritime register of the USSR, the state insurance administration of the USSR (GOSSTRAKH), and the transport and shipping companies of the USSR, will perform, on Romanian land, operations determined by the statutes and decisions made in agreement with the respective Romanian companies, with private companies and individuals; to this end, they will be allowed to open branches and agencies in Romania and will cooperate with the corresponding Romanian bodies.

II. AIR TRANSPORTATION

1. In order to establish civilian communication ways within Romania's territorial boundaries, the Romanian government and the USSR government will jointly organize a civilian aviation company to which both govern-

[52] Constanța was the main maritime port of Romania, while Brăila and Galați, located near the Black Sea along the Danube River (and therefore navigable by large ships), were essential to Romania's grain trade. Also, the Giurgiu port contained an important petroleum terminal through which crude oil from the Prahova Valley was loaded onto river barges and exported to Central Europe.

ments, through their respective bodies or organizations, will be one participant in equal shares.

2. The government of the USSR will bring to the company the necessary fleet of planes and motors, means of mechanization, and other technical equipment, and the Romanian government will provide to the company, for temporary usage, existing airports on Romania's air routes, equipment, and facilities meant for servicing aerial transport, as well as the necessary land tracts to build new airports.

3. The company's leadership will be organized according to the same criteria as those found in the current memorandum concerning petroleum exploration and exploitation.

4. The Romanian government will grant the company the right to establish civilian airways over Romanian territory and to participate in international airways that pass over Romania.

5. The Romanian government will grant the USSR government, on a reciprocal basis, the right to conduct transit flights for civilian Soviet planes over Romanian territory, with or without landing in Romanian airports, rendering these airplanes the necessary services in equal measure to the services rendered to the company's airplanes.

6. The judicial, financial, and technical conditions regarding the organization of the company's activities will be determined within two months following the signing of the current memorandum through a separate agreement between the two governments.

D. BANKS

In order to achieve economic cooperation in commercial banking, the two governments will entrust their own respective bodies to study, within two months from the signing of this memorandum, the volume and forms of cooperation and to present proposals regarding the finalization of the terms of agreement.

E. COTTON PROCESSING

1. In order to ensure the integral usage of Romania's textile industry's capacity to produce, the USSR government agrees to make cotton available for processing yarn and fabrics in Romania, which in turn is obligated to return products to the USSR, according to the terms

and conditions mutually agreed upon. For the initial annual period beginning on the date of this memorandum's signing, the USSR government makes available 20,000 tons of cotton.

This Memorandum was prepared in two original copies, each in the Romanian or Russian language, both copies being authentic.

Signed: USSR Commissioner Romanian Government Commissioner

Source: ANIC, fond CC al PCR—Secția Economică, dosar nr. 18/1945, ff. 2–7.

DOCUMENT No. 15:

Romanian Position on the Establishment of a Joint Romanian-Soviet Timber Company

Undated [1945]

The specialists of the Autonomous Office of State Forests, under obligation to defend the "country's general interests," compiled a study in which they drew attention to the Soviet tendency to establish a de facto monopoly with regard to timber exploitation in Romania. Soviet plans to set up the Sovromlemn joint-stock company amounted to planning to exhaust timber resources (a minimum of 1 million cubic meters per year) with only minimal investment of Soviet capital, provided not in cash but in "materials and installations, as well in shares of Romanian companies owned by the Soviet state."

The Economic Cooperation Agreement and the Memorandum of Cooperation between the USSR and the Kingdom of Romania also mentions economic partnership between the two countries in the exploitation and industrialization of timber.

The preliminary draft of the agreement convention discussed during the 2/7/1946 meeting, set to be finalized and put in application between the government of the USSR and the government of Romania, contains a number of provisions on which the following observations should be made:

1. Article 1 stipulates the establishment of the Romanian-Soviet Forestry Company (SOVROMLEMN), for the collection, production, and sale of timber materials.

The collection and sale operations of timber materials are assigned to the State Ministry, which controls and directs these operations, and which, furthermore, should continue in the same form as now.

According to the explanations given by representatives from the USSR during the meeting mentioned above, the company has the right to exploit, industrialize, and sell timber in Romania, corresponding to the proposed goals.

The establishment and functioning of this company will occur according to the commercial code and to Romanian laws currently in effect.

The same article stipulates that the Romanian government must provide, to the company and the founding authorities assigned to the Romanian side, all the necessary means for the implementation of the conven-

tion's requirements and must additionally guarantee that the respective authorities meet the requirements regarding the founding of, and deposit of capital to, the aforementioned company.

If this requirement applies to the Soviet government, since the participating organizations are state organizations, they cannot yet be applied to the Romanian state, except for the possible participation in this company of Romanian state organizations, such as the Autonomous Office of State Forests (CAPS) and perhaps the Church Fund and Community of Estates in Năsăud.

For this reason, the participation of Romanian capital cannot occur, except in accordance with stipulations established by the commercial code and Romanian laws, under the condition that the Romanian state cannot guarantee the deposit of capital and meet other requirements except for CAPS, which is a state institution, as well as the two institutions mentioned above, currently under state tutelage and which participated in the company's founding, a participation pending the approval of the Ministry of Agriculture and Estates and the Ministry of Industry and Commerce.

These ministries may also establish the rate of shares, in the event that their subscription may be higher than that reserved for Romanian capital.

2. We do not agree with Article 3, which has as its objective the activities of the Company, since this may be interpreted as a monopoly regarding the exploitation, industrialization and commercialization of timber in Romania.

Thus this article sets the company's volume for activity and timber processing at approximately 1 million cubic centimeters, which corresponds to a significant part of timber in Romania.

We request a specific stipulation stating that the company's objective is the exploitation, industrialization, and sale of timber in Romania, in the same way as other forestry enterprises of similar nature, without establishing a set quantity, one which will result from the company's acquisitions, nor containing any state obligations or privileges.

In return, the company is at liberty to purchase the necessary materials in conditions similar to other firms.

3. Article 4, which concerns the registered capital of SOVROMLEMN, states the following:

a) The rate of disbursement of Soviet registered capital is applied not in cash, but in materials and installations, as well as in the shares of Romanian companies owned by the Soviet State.

We request that this capital disbursement rate be made in Romanian lei,[53] originating from the payment of Soviet imports according to the commercial agreement of May 8, 1945, and the acquisition of necessary industrial goods should be made by SOVROMLEMN according to comparable prices and the corresponding qualitative delivery, imported according to existing commercial agreements on the date of importation.

The capital contribution in the form of shares cannot be accepted by either side, because their appraisal is difficult to establish, and because they constitute the guarantee of obligations for each respective company.

b) The registered capital of the Romanian part will also be in lei, in the sum of 3 billion, with which SOVROMLEMN will acquire the timber materials from state forests, the Church Fund, and Community of Estates in Năsăud.

In the stipulations above, the Romanian government can guarantee the acquisition of materials from the above institutions according to their daily set value at the moment of exploitation, resulting from auction, up to the competing sum of 3 billion lei.

4. Article 5 stipulates that the Romanian government require the State Forestry House to assist, with its own contributions, the Church Fund,[54] and the Community of Estates in Năsăud in order to sell 1,000,000 cubic meters of wood material annually, at a long-term rate of 30 years and 10 years, respectively.

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[53] The dollar was worth 10,000 lei officially but was worth over 40,000 lei in the stock market.

[54] The Church Fund in Bucovina was founded shortly after the Hapsburg Empire occupied Bucovina on June 19, 1783, intending to curb the influence of the Orthodox Church. In the middle of the 20th century, the Church Fund of Bucovina was considered a legal entity of public law, and a self-sustaining establishment represented by the Archbishop and Metropolitan of Bucovina or his delegates. After the installation of the Petru Groza government, the statute of the Bucovina Church Fund was modified so that the state could control the fund's organization and operation. The fund's patrimony consisted of 190,000 hectares of forest land.

The Community Estates of Năsăud consisted of 44 communes, founded in Năsăud by Maria Theresa in the 18th century. These communes were initially established as border guard communities, in which the border guards were a category of peasants who had to respect military obligations in exchange for emancipation from serfdom and some financial debts. In Transylvania six of these communities existed, three of which were Romanian and three Székely (Hungarian). The properties included consisted of forest land.

Since SOVROMLEMN will be established and function as an anonymous company, these requirements cannot occur, because the company will be able to supply itself with:

a. timber materials, through the purchase of forest parcels that will be auctioned annually, from the institutions mentioned above, and from other owners of forests or purchases of timber materials from exploitations in free transactions.

Likewise, the exploitation procedure in the country applied by the CAPS, the Church Fund and the Community of Estates in Năsăud in forests owned by them is destined to intensify, so that the requirements found in the article mentioned cannot be applied.

b. The Romanian government may consent to the acquisition of forests by the CAPS for the purposes of exploitation, inaccessible today due to the lack of transport facilities such as Râşca in Baia County, Pipirig in Neamț County, and Groşi in Someş County.

The object of this sale cannot extend past 20 years. Exploitation will occur according to the arrangement.

Payment for timber materials delivered for exploitation should be made according to rates derived from each variety of timber materials sold by the company.

All the equipment, of any kind, will remain in the ownership of the state upon the contract's expiration.

The privileges requested in points II, III, IV, and V in Article 5, concerning the exclusivity of exports to the USSR and the purchases and sales of foreign currency for import-export operations, are superfluous, since the company will enjoy the same rights as other forestry companies.

We would also like to mention that even the Association of State Forests does not enjoy such rights.

Concerning the stipulations of Article 7, which deals with the company's administration, we would like to request that Romanian citizens be recruited for its technical and administrative personnel, at the ratio of 2:3, and hired with the approval of the Ministry of Agriculture and Estates.

The same article mentions that the company's statute cannot be instituted as law but benefits only from the features granted by the commercial codes and other Romanian laws.

The statute will be subject to approval by the Ministry of Agriculture and Estates and the Ministry of Industry and Commerce.

The country's general interests, which require the maintenance and intensification of exploitation within the country's forests in order to eliminate speculation and to meet the needs of the destitute population as much as possible, as well to sustain currency, necessitate for their functioning that such activities not be impeded by the founding of forestry companies.

Source: ANIC, fond Casa Regală, dosar. nr. 38/1945, ff. 2–3.

DOCUMENT No. 16:

Note by General Vinogradov to Minister of Internal Affairs Teohari Georgescu regarding the Quartering of Soviet Troops[55]

December 6, 1945

Every day, relations between Red Army soldiers and Romanian citizens suffered from abusive behavior by Soviet soldiers. Owners of apartments who were obliged to billet Soviet soldiers filed numerous complaints to Romanian authorities indicating massive abuses. This point was also made by Sever Bocu, an important leader of the National Peasant Party, who accused the Soviet colonel Bereskov of destroying goods inside his home. Communist authorities in Romania denied that such abuses were taking place. Instead, they punished those who "slandered" the Red Army.

Lately, it has been observed in many cases that residence owners in the cities and villages of Romania, where Soviet officers were quartered, are looking to evict the officers in any way possible.

In order to achieve this, they resort to various ploys, provocations, and calumnies. There are cases when the residence owners deprive Soviet officers of the most basic communal necessities (water, lights, heating, etc.).

Individuals with political objections to housing Soviet officers are proceeding in the same ways. For example, owner Sever Bocu from the town of Lipova,[56] where the commander of a Red Army unit was quartered, Col. Bereskov,[57] has resorted to the most base calumny in order to rid himself of Bereskov.

In his complaint against Col. Bereskov, citizen Bocu writes:

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[55] Teohari Georgescu (1908–1976). Romanian communist leader, member of the Romanian Communist Party from 1929, member of the Politburo of the RCP (1945–1952). Arrested February 18, 1953, imprisoned (1953–1956) and accused of "Right deviation"; eliminated from all functions in the party and government.

[56] Sever Bocu (1874–1951). Journalist and Romanian politician. Member of National Peasant Party, president of National Peasant Party organization in Timiș-Torontal County (from 1923); National Peasant Party deputy in parliament (1919–1938, 1946–1947); arrested by communist authorities on May 5–6, 1950, died in 1951 in the penitentiary at Sighetu Marmației.

[57] Unidentified.

"I wish to trouble you with this complaint because of the unjust and brutish ways in which we have been treated in the last few months by Soviet units." But Mr. Bocu does not mention any specific evidence to prove such behavior.

In his complaint, citizen Bocu writes about losing a collection from his library.

After the investigation, it was established that no collection was lost from Mr. Bocu's library. The deeds specified in citizen Bocu's request, concerning the abuses of the Soviet commander and the breaking of doors and windows, similarly do not correspond to the truth. Colonel Bereskov's quarters in Mr. Bocu's house were personally given by the town's mayor.

In his complaint against Colonel Bereskov, citizen Bocu points to drunken bouts followed by insults and threats against the owner, which is also not true, because ever since the colonel suffered a severe stomach ailment, he has not been able to drink alcohol.

Every other deed indicated in Mr. Bocu's complaints, following our investigations, has been proven to be untrue, and as a result, we will consider them calumny against the Soviet officer.

The whole matter consists of Mr. Bocu, who in the past was the director of the national peasant newspaper *Vestul*, which stopped circulating in 1944, continuing his corrupt affairs by heading the group of reactionaries in the town of Lipova.

Keeping in mind the facts mentioned above, we believe it necessary to take some measures against slanderers of the Red Army.

Concerning citizen Bocu, we believe he must be severely punished for the calumny against Col. Bereskov.

Signed: Vinogradov

Source: ACNSAS, fond Documentar, dosar nr. 4018, ff. 550–551.

DOCUMENT No. 17:

Meeting of the Council of Ministers regarding the Establishment of the Soviet-Romanian Forestry Company

February 14, 1946

The similarity between the company Sovromlemn and companies with "imperialist" foreign capital in the interwar period was so striking that communist prime minister Petru Groza focused on how "we can, very easily and plausibly, present this to the nation as exploitation made in the interests of the country and the entire population." The document captures the numerous artifices to which he resorted in trying to shed a favorable light on the new company. This also demonstrates that the Communist Party's role was generally crucial in the economic realm as well ("any opinion given by Mr. Gheorghiu-Dej will also be the opinion of the government").

The meeting commences at 19:00, presided over by Dr. P. Groza, President of the Council.

The following gentlemen are participating:

From the Soviet side: Coldanov,[58] the commission's president; Finoghenov,[59] the Soviet Legation's economic councilor; Juhovitskii,[60] councilor; Lasserso,[61] councilor;

From the Romanian side: Eng. P. Bejan,[62] Minister of Industry and Commerce; Romulus Zăroni,[63] Minister of Agriculture and Estates; Mircea

[58] Unidentified.
[59] Unidentified.
[60] Unidentified.
[61] Unidentified.
[62] Petre Bejan (1896–1978). Member of the National Liberal Party since 1927, undersecretary of state in a number of interwar governments. In the Groza government, he held the position of minister of industry and commerce (March 6, 1945–November 29, 1946). President of the leadership committee of the National Liberal Party-Tătărescu (November 1947–May 1948). Arrested on May 5–6, 1950, and imprisoned in Sighet prison until July 1955. Deported and under house arrest in Bărăgan until 1959.
[63] Romulus Zăroni (1906–1962). Minister of agriculture and domains in the Groza government (March 6, 1945–December 1, 1946), then minister of cooperation (December 1, 1946–December 29, 1947; December 30, 1947–April 14, 1948).

Solacolu,[64] General Commissar of Foreign Trade; Aurel Vijoli,[65] Coordinating Councilor in the Superior Economic Council; Eng. C. Rachieru,[66] General Secretary in the Ministry of Agriculture and Estates; Eng. I. Zeicu,[67] Councilor in the Ministry of Agriculture; Eng. Dan Ilie,[68] Administrator of the Church Fund in Bukovina; Eng. Victor Țurcanu,[69] Guardian of the Church Fund in Bukovina; Eng. N. Grapini,[70] Government Commissar to the Bistrița-Năsăud Fund;

The interpreters were Eng. Lissievici,[71] from the Ministry of Agriculture, and Major Sergiu Volosievici,[72] from the Presidency of the Council of Ministers.

Dr. P. Groza, President of the Council: Gentlemen and Ministers, we summoned you here following a conversation that I had with the Soviet delegates regarding the establishment of the company Sovromlemn. In principle, by searching all of the details that I could gather before and after these conversations, I concluded that our agreement with the Soviet government concerning the establishment of this company is up to date. It has not lost its validity because it was set up for a two-month term, which has expired. We cannot consider this expiration a motive for annulment, because of the simple fact that it is unclear whether it was our Romanian side that caused

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[64] Mircea Solacolu (1906–?). Originated from an old, liberal family, member of the National Liberal Party. Became a specialist in economic issues in the Groza government. Elected National Liberal Party deputy in 1946, but after sensing political changes, escaped to Switzerland in 1948, later settling in Brazil.

[65] Aurel Vijoli (1902–1981). Member of the Central Committee of the Romanian Workers' Party (June 25, 1960–July 24, 1965); member of the Central Committee of the Romanian Communist Party (July 24, 1965–November 28, 1974); administrator of the Romanian National Bank (April 1945–May 1946); governor of the Romanian National Bank (November 1947–November 1948); president of the Romanian People's Republic Bank (November 1948–March 1952). Arrested by organs of the Ministry of Internal Affairs in March 1952; accused of "undermining the national economy" (accused of mistakes in the currency reform from January 1952); released in September 1954 for lack of evidence. Readmitted to the party in 1956.

[66] C. Rachieru, general secretary in the Ministry of Agriculture, excluded from the ministry in 1947 and put on trial because he approved the deforestation of Darvari forest, a total of 240 hectares, in the "green zone" of Bucharest, on the Vlăsia plain.

[67] Unidentified.

[68] Unidentified.

[69] Unidentified.

[70] Unidentified.

[71] Unidentified.

[72] Unidentified.

this expiration, and by no means do I want for the Romanian state to be in the position of the one who receives obligations but then creates withdrawal deeds and even attempts to withdraw based on these deeds that it created. This is a reason for prestige and earnestness.

But aside from this reason, there is another one: we have a great interest in establishing this company, which should commence its activities promptly, because, and I stress this one more time: we, by way of the agreements concluded with the Moscow government, are for the first time in the position to exploit the riches of our country through cooperation and in favorable circumstances.

The exploitation of our country's riches has, of course, been achieved before with the help of foreign capital. These exploitations nevertheless bore the stamp of monopoly, of exclusiveness, ensured over time by agreements in favor of the exploiting foreign capital. We could not direct these exploitations, we did not participate in the benefits of this exploitation; we only participated in this exploitation in one way, which did not correspond to our rights and contributions. We all know the history of our cooperation with foreign capital up now. This history cannot repeat. We approve of cooperation with foreign capital, we are happy about this capital, but the type of agreement regarding this issue must be one of an honest partnership that eliminates at once leonine contracts. We, and those who cooperate with us, will contribute money, materials, and installations and will participate, according to our contribution, in benefits and losses.

This is why I also insist in the timber domain, as much as in transportation and petroleum, to fulfill an agreement and to establish the Sovromlemn Company as quickly as possible: this company must be established in five or six days, a week at most.

I ask the gentlemen interpreting to translate and summarize what I have said, to show the Soviet friends that I have stated in this introduction what I showed them in private conversations we previously held.

Mr. Bejan asks to be excused because he is unable to participate in this meeting, as he must attend another meeting on a different schedule. I have, however, informed him of the issue at hand and he has agreed to what will follow.

You will be able to continue these conversations with him tomorrow.

(Minister Bejan leaves the meeting hall.)

Mr. Coldanov: Mr. President, how will we discuss this? Will there be a discussion about drafting a law, or will a platform of mutual agreement be established?

Dr. P. Groza, President of the Council: Gentlemen, I have determined that the main reason for the delay in negotiations was the procedural mistake of not contacting the forest proprietors from the beginning and having them enter the negotiations directly, without the help of intermediaries, such as those intermediaries who do not possess forests or their own capital but who nonetheless enter the picture as advisers and founders of numerous companies. I admit that this procedure is a remnant of the old system, but in light of what I have just now stated, you alone have the initiative to arrive at this conclusion; precisely because we wish to break free from this prior practice, we are eliminating intermediaries, because they have their own interests in profit. They complicate matters through every means, they make life expensive, and many times they cause the profit gained by the work of the people—the reason that these riches are exploited in the first place—to veer into different directions away from its use by the people.

Capital, large-scale capital, also has its own representatives. To the extent that intermediaries present themselves as the representatives of financial groups in order to contribute what forest proprietors might not have, namely money, they will be able to have the limited role of mediation between capital and this company, a role established inasmuch as this company needs funds for its activity. But then, of course, their role is reduced. The state of affairs thus formulated, they will run more smoothly, and we will be unable to exclude even those who contribute foreign capital. On the contrary, it will please us if these representatives of foreign capital decide to cooperate in the establishment of this company, once again, contributing capital.

What follows then is for you to contact immediately the known proprietors—natural and judicial persons—of the forest tracts in this country, to commit them to your projects, negotiating with them directly, naturally, and maintaining contact and negotiations with those owners of forest tracts that have been employed in your projects, those of you who have the responsibility for projects whose purpose is this company's establishment.

Then the negotiations with the forest proprietors will come together without delay, condensed and without obstacles. I would like a list of those we are mentioning to be created right now.

First of all is CAPS, represented by engineer Mr. Rachieru, Secretary-General of the Ministry of Agriculture and Estates, who is also commissioned to be administrator of this institution; then there are the public interest forests of judicial persons, represented by engineer and counselor

Mr. Ion Zeicu, followed by the Church Fund of Bukovina, represented by engineer Mr. Dan Ilie, the Fund's administrator, and engineer Victor Țurcanu, guardian of this Fund; then there is the Frontier Fund of Bistrița-Năsăud, represented by engineer Mr. Grapini, the government's commissar for this Fund. During the talks I have had with the Soviet delegates, we have agreed that the Bistrița-Năsăud Fund is the owner of the forests, and Ragna is only a cooperative exploitation company of these forests. So it is not involved, it is instead the Fund that is of concern to us.

Eng. I. Zeicu: Then there is also the Community of Estates in Caransebeș.

Dr. P. Groza, President of the Council: Was it solicited?

Eng. I. Zeicu: No, Mr. President.

Dr. P. Groza, President of the Council: Here is these with which we have worked. Please look for the representatives of this company. The company's president, together with a jurist and one of their technicians, should come to Bucharest immediately.

The bulk of these estate communities are very interesting; their forests are very well kept. If the remark is made that the participation of these funds is not as interesting to the Soviets as that of the forest owners from regions closer to the Soviet border, I will answer: nothing is holding back the indirect exploitation of the Frontier Funds. The timber material should be exploited, supplied with capital, and replaced by another material that will be exploited by the Sovromlemn Company in the regions near the Soviet border. In this way we open possibilities for combining international commerce with Yugoslavia and other approved countries that can provide the materials needed by the Soviet Union or Romania. In any case, the timber material exploited by Sovromlemn in Banat constitutes a treasure that can be capitalized, something on which we can work together with the Soviet Union.

Then there are the Székely possessions in Ciuc County.

Eng. I. Zeicu: The private possessions in Ciuc comprise 11,000 hectares, left unexpropriated.

Mr. P. Groza, President of the Council: But they represent possibly the most interesting resinous material. Please invite the representatives of the Székely possessions immediately. Councilor Zeicu, who is also the director of the judicial persons' forests of public interest, must take this duty upon himself. What are the forest tracts in the Old Kingdom?

I. Zeicu: The Coroanei Estates and the Broșteni Estates, which is private and the property of Prince Nicolae.

Dr. P. Groza, President of the Council: Please invite Mr. General Manolescu tomorrow and speak with him. What else do you have in Moldova?

I. Zeicu: The communities are smaller. There is a lot of misery there.

Dr. P. Groza, President of the Council: What barbaric exploitations! This is what I do not want repeated in the Old Kingdom. Mr. Rachieru, as Secretary-General of the Ministry of Agriculture, for the forestry sector, I ask you to assume the responsibility of summoning these people.

I. Zeicu: There may also be the Guardians of Civilian Hospitals, which has forests divided in a number of parts and makes sales at public auctions. The institution also has forests in Prahova Valley and Vâlcea County.

Dr. P. Groza, President of the Council: Invite one of their representatives as well.

Mr. Eng. C. Rachieru: We will follow your suggestion and invite all these representatives so as to cooperate with everyone.

Dr. P. Groza, President of the Council: Among the private owners, do you know amateurs? Who will assume the responsibility to invite more notable private owners?

C. Rachieru: We will also do that.

I. Zeicu: The forest proprietor association has them all registered.

Dr. P. Groza, President of the Council: I was the president of the Forestry Union in Romania for four years. Back then we were well organized. We were able to finalize cross beam export transactions with various foreign countries.

C. Rachieru: You are our most competent and knowledgeable silviculturist. Private forest proprietors are in the Ghica and Sturza families, which each have 20,000–30,000 hectares.

Dr. P. Groza, President of the Council: Please invite them tomorrow and negotiate with each one separately. Through this company's establishment, we will first of all take a big step forward from an economic standpoint, because after we examine all the possibilities of rational exploitation, we will detach the minimum necessary for this company's establishment from the offers made during the negotiations with the forest proprietors.

From a political standpoint, doing so will rectify a great mistake, because this company's establishment will no longer appear as the labor of someone interested in the rapid and irrational exploitation of timber materials, but rather as the participation, in the strict sense of the word, of all forest owners in this operation who will align themselves with what they do not possess so that they can benefit from the results. Therefore, I ask that you achieve, in principle, cooperation with these institutions and with

private proprietors of forests. If you do so, you will motivate, for example, an entire population in Ciuc County, because many proprietors of forests are there, and by doing so, they will also participate in this enterprise. The same thing is happening with the proprietors of other forest tracts. Thusby doing this we are popularizing exploitation, and we can very easily and plausibly present it to the people in this country as an exploitation achieved in the interests of the country and the entire population.

So this is the way we can achieve the cooperation of the two nations, the Soviets and the Romanians, in the true meaning of the word; this is the truth especially concerning the Soviet people because over there, the participant is the people.

In conclusion, I think that in this way we did not open the possibility to negotiate endlessly, but rather specified that the responsibility you have assumed to negotiate with forest proprietors is limited to three or four days, thus taking a big step forward to founding this company.

Having established in these negotiations all the details concerning the exploitation of timber material within the Sovromlemn company, having the ensured necessary minimum for starting its activity, I ask that you move on to examining the financial aspect. Then we will meet again and establish with whom to negotiate this problem. Of course I am not excluding those who have already taken part in negotiations. I think that many forest proprietors can bring forth cash, because many of them have available capital or the possibility to create funds by contracting mortgage loans. Therefore, preference must be given to those bringing cash contributions.

I ask the Soviet representatives to be willing to receive these proposals and to communicate to us if they have a remark, because I regret that my time is limited.

Naturally, I understand that matters must be resumed tomorrow morning, but I wish to make a convivial request for those here to work together and be focused, guided by the idea that we must establish this company in a matter of days.

I entreat you to free yourself from other tasks, because I want to monopolize your capacity to work only for the establishment of this company in the days to follow, working day and night.

Mr. Coldanov: Mr. President, I have listened with satisfaction to your presentation on the principles that must constitute the basis of the convention adjourning soon. Likewise, I listened very attentively to the enumeration of forest proprietors that will be included in the adjourning convention and who must be present tomorrow for the beginning of negotiations.

When traveling to Romania, but especially when I entered Romanian territory, I had in my possession all the data concerning forest tracts and the forestry potential, which constitute the basis of negotiations with your representatives. There is no doubt that Romania deserves a leading place in relation to forestry percentages compared to other European countries. This is a very important issue. I also know, however, that Romanian forestry property is highly fragmented into various categories of proprietors. The state is among these proprietors and holds a large surface of forests, but there are private proprietors as well.

Gentlemen, for the establishment of this forestry company, just as for the founding of other companies, we have to keep in mind the three following factors of great importance: (1) the organizational condition of the forestry enterprise in the country, (2) the technical level of forestry production in the country, and (3) the technical, common, and subordinate personnel available in the country.

I do not doubt that not all categories of proprietors are at the same level concerning these aspects. For example, our first concern was to meet those people in your agencies who are most likely to make the fulfillment of these three essential conditions possible. We have always intended for state enterprises to necessarily be among the participants. However, in the current state of affairs, about which I had the honor of reporting to you in yesterday's discussion, I became convinced that cooperation with such state organizations is not possible. This is not an opinion of ours, it is not only a belief of ours, but was rather the indication itself given by the vice president of the Council of Ministers, Mr. Gh. Tătărescu.

I do not want to repeat the causes of the difficulties up to this point. Since these difficulties have begun to be touched upon—and I treat them in relation to the state organization—I have been compelled to also touch on the cause for the long delay in negotiations.

Once again, I want to reiterate my opinion that private capital must be exploited more courageously. We are realistic people, the people of work, and because we are united in a drive to realize a great and good action, I want to turn to real deeds, more prompt and more rapid measures. You will no doubt agree with what I am about to say: when we began to rebuild the activities of our state, we were faced with great organizational difficulties, and we believed it rational, logical, and necessary, from an economic and political perspective, to attract private property to the rebuilding project.

I commend the term, proposed by Mr. Prime Minister, within which the negotiations regarding the convention's conclusion must be finalized.

We had no longer hoped to encounter once more a new series of proprietors, whose number is very important. I believe, however, that by studying the possibilities of each of the suggested proprietors, we will make our task much easier. For this reason, I ask Mr. Prime Minister to inform me of the names of those who will seriously occupy themselves with these negotiations. I have finished.

Dr. P. Groza, President of the Council: I will inform you tomorrow before the meal, after completing the report on the discussions in the morning. I ask Mr. Minister Solacolu to organize the list of all proprietors tomorrow morning and to inform Mr. President Coldanov, even setting up a meeting tomorrow with new and old proprietors who have participated before in negotiations.

Mr. Coldanov: I want an explanation: Mr. President, after specifying that you would convene a second financial meeting, did you agree to invite the representatives of the Ausnit[73] and Malaxa groups to this meeting?[74]

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[73] Max Auschnitt (1888–1957). He spent his early childhood years in Vienna, where his father emigrated shortly after Max's birth. He returned to Romania in 1910, founding a commercial firm in Galați that imported sheet iron. He was apparently assisted by the intelligence services of the Austro-Hungarian Empire. He took over the business after his father's death and extended it by establishing the United Association of Ironworks, which held a monopoly on the importation of sheet iron. Using his skills and inborn talents, Auschnitt rose rapidly, becoming the administrative delegate of the Reșița Iron Works and Fields, the largest stock company of interwar Romania. Along with Nicolae Malaxa, with whom he partnered in profitable business transactions, he entered King Carol II's entourage, offering the king and his mistress, Elena Lupescu, gifts and several shares in various companies, where Auschnitt himself was the major stockholder. This exchange offered Auschnitt protection and reliable contracts with the Romanian state. The worsening of relations with King Carol II and Lupescu, as well as his growing rivalry with Malaxa, brought him to the brink of collapse, exemplified by a trial in the summer of 1939. On March 14, 1940, Max Auschnitt was sentenced to six years in prison and charged 200 million lei as reparations to the Reșița Iron Works and Fields. He was pardoned by Marshal Ion Antonescu and fled to the West.

[74] The Malaxa industrial plants bore the name of their founder, Nicolae Malaxa (born December 23, 1884, died 1965, New Jersey, United States). Romanian engineer and industrialist, one of the most important in interwar Romania. After building a shop to repair train tracks and locomotives next to the Romanian Railway Center "Griviță," along with political support, he closed a very profitable contract with Caile Ferate Romane (Romanian State Railroad Association) to build locomotives. Using the latest modern equipment from Germany and employing nearly 200 German workers, who had two-year contracts, Malaxa managed to manufacture competitive steam locomotives. Malaxa also founded the Republica factory, where steel pipes were manufactured, applying for the first time on the Continent the American model of "Stiefel" lamination. Between 1937 and 1938, Malaxa built a factory that manufactured artillery ammu-

Dr. P. Groza, President of the Council: When we proceed to the financial phase, yes, but I said it would be only in relation to their financial contribution.

Mr. Coldanov: I would like for a certain state of affairs to be more emphasized, because then the situation changes. I want to ask whether you consider necessary the participation of the Malaxa and Ausnit groups in the company.

Dr. P. Groza, President of the Council: Do they have forests?

Mr. Eng. Rachieru: No.

Dr. P. Groza, President of the Council: As long as they own forests, of course, I cannot leave out of the company those private proprietors who are organized and who will contribute as forest proprietors.

Mr. Finoghenov: I have information that the Malaxa firm has an enterprise with forests, named Cloşani, and the Ausnit group is working at exploiting the Sturza estate. Do you, Mr. President, exclude the participation of forest exploiters? I ask this question because forest exploitation is tied not only to exploitation but also to production. The exploitation of a forest arises not only from the fact that someone is a proprietor, but one who must also be a forest exploiter.

Dr. P. Groza, President of the Council: When the Sovromlemn Company was constituted, I specified why I wish to appeal to forest proprietors first. After we have ensured the minimum contribution required for minimum exploitation, and after we have solved the financial aspect during the second phase, ensuring the financial cooperation of those who possess capital, it means that we have established this company without the cooperation of existing forest exploiters. They will work within the national economy, and as much as I would not wish to form this company only with forest proprietors and financiers, then, as needed, I will see how I will appeal to forest exploiters, because I want to establish this company; but then it will assume a different character, another structure and other directives, because I cannot be led by the hand of these forest exploiters.

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nitions and arms next to the factory that produced locomotives. He manufactured ammunitions under license from Renault but had other projects based on Romanian ideas. In only 12 years, the Malaxa enterprises evolved into a large-scale project whose size rivaled that of other industrial concerns in Europe. The enterprises also benefited from Nicolae Malaxa's good relations with King Carol II and his technical and business acumen. After the beginning of World War II, due to German pressure, Nicolae Malaxa turned over 50 percent of his shares to the Romanian state on January 28, 1941. On February 18, the rest of his stock was expropriated by the Romanian state.

Neither Malaxa nor Ausnit are forest proprietors. They can participate in exploitation. And I want to ensure that everything that the Ausnit and Malaxa groups represent be utilized where it should, without either one of them leaving fields of activity, joining in this field that is more profitable and more virgin. This is what the general interests of our national economy require. I must ensure an economic equilibrium in this country.

Mr. Finoghenov: But what if the Ausnit and Malaxa groups will bring as participation their exploitations—will it be bad?

Dr. P. Groza, President of the Council: If the Ausnit and Malaxa groups have certain participations as shareholders or private proprietors, their participation is received as such. During the first phase of negotiations, Ausnit and Malaxa will be able to participate as forest proprietors, not as exploiters, and less so as participants to such exploitations somewhere.

Mr. Finoghenov: How should we understand your declaration and how should we inform the Soviet government of the Romanian government's decision: as an abandonment of the old bases of negotiation, or as an addition to the old bases of discussion?

Dr. P. Groza, President of the Council: I do not think that now is the right time to communicate between the two governments, because this is a simple procedural task, which, with the benefit of a short-term loan, supplements the efforts already made to establish the company. The company will be completed as a result of the procedure already established, utilizing everything realized in the first phase of the procedure. Thus we will gain something in addition; assuming, through *reductio ad absurdum*, that the result will be absolutely negative and that neither of the private proprietors will want to participate in this company's establishment, then we will continue on the previous path. However, I am making a cordial appeal to those present to exert all possible efforts in order to establish the company through this procedure, which is ideal, meaning through the contributions of forest proprietors, because in this way we engage both large and small proprietors in this cooperation, and the company will thus function more smoothly. We would thus have a situation different from the course we would be obliged instead to pursue for the establishment of Sovromlemn Company, with no forest proprietors and only with the help of certain forest exploiters, in other words, intermediaries.

Regarding the state's participation, I believe that the CAPS (Autonomous Office of State Forests) company should participate as founder, possibly also in combination with forests and money. I appeal to Mr. Minister Zăroni, to the CAPS representatives, and to our other cooperators to make

the maximum effort to participate in the company established as such, participating alongside other forest proprietors, natural or judicial persons, because then surely those representing the state, CAPS, and other proprietors will cooperate in the interest of the two communities, the Soviet and the Romanian. I don't need to repeat it, but I must tell you once again that a forest proprietor, whether in the company or individually, always exploits rationally and with a focus on the future. An intermediary, however, a simple exploiter who is not a proprietor, seeks the maximum profit of a 20-to-30-year exploitation,which leaves ruins in its wake, precisely what has happened up to this point.

I see that the Soviet friends agree in principle with what I have said.

Mr. Coldanov: The forest proprietors' adherence to the principles outlined by you will be considered in the next two to three days, during which time the situation of each proprietor recommended by you will be studied.

Dr. P. Groza, President of the Council: Their situation is clear and has been elucidated, so matters will not be delayed.

Mr. Coldanov: Then all the main points are clarified.

Dr. P. Groza, President of the Council: Please do not forget to contact the Supreme Economic Council.[75]

Mr. Coldanov: It seems to me that all the matters discussed today—in the current state of negotiations—have been clarified already. In particular, all discussions must be completed within the term arranged today. As such, the basic issues are settled.

Dr. P. Groza, President of the Council: I would just ask that contact with the Supreme Economic Council not be neglected anymore. One of its representatives should be present at the discussion.

Mr. Coldanov: We do not know them. Please appoint someone from the Supreme Economic Council to speak with us.

Mr. Finoghenov: It should be someone stronger.

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[75] The Supreme Economic Council was an inter-departmental organ, with the role of deliberating and coordinating ministries within the national economy. Formed during the interwar period, the Supreme Economic Council was revitalized amid the extremely difficult economic conditions of 1945. Gheorghe Gheorghiu-Dej took over as president of the Supreme Economic Council on November 27, 1945, and was elected secretary general of the Central Committee of the Romanian Communist Party. On June 2, Gheorghiu-Dej became chairman of the Council of Ministers. During this time, Gheorghiu-Dej, with the help of other counselors such as Ion Gheorghe Maurer, played a key role in the decision-making of the Supreme Economic Council. This explains Groza's insistent recommendations to Soviet representatives to contact the Supreme Economic Council.

Dr. P. Groza, President of the Council: They are all strong in the Supreme Economic Council because they are all only economists. The president or the secretary-general of the Economic Council will attend the discussions. Thus matters will be made easier, given that the convention must also pass through the Council of Ministers. Or, if someone from the Supreme Economic Council participates in the negotiations, then matters are very much alleviated.

Mr. Finoghenov: There is another difficulty: last night you made the declaration that you will co-opt two more individuals in the commission that will prepare the convention. Please tell us now the names of these two individuals whom you will appoint.

Dr. P. Groza, President of the Council: I do not remember having said so. Maybe you are referring to the two new ministers who have been appointed to the government.

Mr. Finoghenov: That is how we understood it.

Dr. P. Groza, President of the Council: Maybe you are referring to two or three other forest proprietors from the CAPS. Actually, there will be others who will also attend discussions.

Mr. Finoghenov: Please tell us who will represent the government in these negotiations.

Dr. P. Groza, President of the Council: The government will be represented by a delegate from the Supreme Economic Council, which is also composed of the chiefs of the economic departments. Thus the government will be represented by its most qualified body.

Mr. Coldanov: Who will be the representative, in concrete terms?

Dr. P. Groza, President of the Council: The following ministers are members of the Supreme Economic Council: Bejan, Tudor Ionescu,[76] Romulus Zăroni, Anton Alexandrescu,[77] Alexandrini,[78] the governor of the National Bank…

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[76] Tudor Ionescu (born 1898). Chemical engineer, minister of mines and petroleum (March 6, 1945–November 30, 1946; December 1, 1946–December 29, 1947; December 30, 1947–April 14, 1948).

[77] Anton Alexandrescu (1905–1984). Romanian politician, member of National Peasant Party. Leader of peasantist dissidence, founded National Peasant Party-Alexandrescu in 1945. Minister of co-operation (March 6, 1945–November 30, 1946). After 1948, retained various administrative positions.

[78] Alexandru Alexandrini (1902–1981). Liberal politician, member of the National Liberal Party-Tătărescu, minister of finance (December 1, 1946–November 7, 1947). Later arrested; served time in Aiud and Râmnicu Sărat penitentiaries; released in 1963.

The Supreme Economic Council is under the leadership of Mr. Minister Gheorghiu-Dej.[79] The Council will send tomorrow the person whom it deems appropriate: its president or one of its members. I will request for Mr. President Gheorghiu-Dej to come and be present at the negotiations. Mr. Secretary-General Vijoli will also attend.

Mr. Coldanov: So I understand that the first person to speak with will be Mr. Gheorghiu-Dej.

Dr. P. Groza, President of the Council: He has the right, however, to substitute any other individual for himself. I will nevertheless ask him to come to you personally.

Mr. Coldanov: Therefore, any opinion that Mr. Gheorghiu-Dej conveys will also be the government's opinion.

Dr. P. Groza, President of the Council: The government will attend through its most competent institution.

Mr. Coldanov: So your answer is positive.

Dr. P. Groza, President of the Council: Of course it is.

The meeting is adjourned at 20:30.

Source: ANIC, fond Preşedinţia Consiliului de Miniştri—Stenograme, dosar nr. 2/1946, ff. 81–97. Stenographer: Mr. Fierăscu.

[79] Gheorghe Gheorghiu-Dej (1901–1965). Member of the Central Committee of the Romanian Communist Party (October 21, 1945–March 19, 1965). General secretary of Central Committee of the RCP (October 21, 1945–April 19, 1954); first secretary of Central Committee of the RCP (October 1, 1955–March 19, 1965).

DOCUMENT No. 18:

Report of the Meeting between Stalin and the Romanian Communist Party Leaders on the Situation in Romania, April 2–3, 1946, Moscow

April 2–3, 1946

Soviet leaders I.V. Stalin, V.M. Molotov, and G.M. Malenkov and Romanian leaders Gheorghe Gheorghiu-Dej and Teohari Georgescu take part in the meeting. All the participants to the talks are referenced in codes by the document.[80] *The principal topic discussed was the organization of parliamentary elections in Romania. The document offers important pieces of information about the country's political, economic, and social condition: the nature of relations within the coalition government, dominated by the communists; the percentages that were to be allocated to the parties forming parts of the coalition after the elections (the RCP hoped that the government bloc would win 70–75 percent of the votes); the fact that RCP members had infiltrated various parties and that some of them (notably the Ploughmen's Front) were even controlled by the communists; the fact that the Soviets' 1-million-dollar contribution in support of the electoral campaign had been exchanged in the "stock market" (black market) in Romania; the communists' attempts to attract peasants through populist methods; the persistence of the Northern Transylvania problem; the fact that Gheorghiu-Dej's request to expel ethnic Germans from Romania met with reservations by Stalin; Romania's tense economic situation; and the fact that, at Dej's appeal, Stalin decided to hand over the members of Antonescu's group to Romanian authorities for their trial inside the country.*[81]

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[80] The practice of using pseudonyms, a common Bolshevik practice begun in 1917 and exported to communist nuclei throughout the world, occurred during this meeting. According to various sources, the five pseudonyms in the meeting are identified as follows: Al.: a Soviet (could be Molotov or Malenkov); Cr.: Teohari Georgescu; Fe.: Gheorghe Gheorghiu-Dej, RCP secretary, whose clandestine pseudonym was Feraru; N.: Stalin; Ol.: a Soviet (could be Molotov or Malenkov). The document mentions Ik., an unidentified individual who also took part in the meeting but only at the end of it.

[81] The present document was published in Romanian in Mihnea Berindei, Dorin Dobrincu, and Armand Goşu, eds., *Istoria comunismului din România. Documente. Perioada Gheorghe Gheorghiu-Dej (1945–1965)* (Bucharest: Editura Humanitas, 2009), pp. 47–59. The Soviet records were published in Romanian translation by the Russian historian Tatiana Pokivailova in "Contacte româno-sovietice în legătură cu alegerile [din 1946]", in *Analele Sighet. Anul 1946 – începutul sfârşitului (instituții, mentalități, evenimente)*, vol. 3 (1996), pp. 413–418.

Report of Meeting Between I.V. Stalin and Leaders of the Romanian Communist Party

Session I

April 2, 1946

Ol.: What problems do you have to discuss?
Fe.: First, the problem of the elections.
Ol.: Which stage of the elections do you find yourself in?
Fe.: We are still in the preparation stage of the elections.
Ol.: The preparation can take a long time. When do you think you will hold elections?
Fe.: Sometime in August.
Ol.: Why in August? What is the link with holding elections in August?
Fe.: We are linking elections first with the new harvest and secondly, we will gain enough time to prepare the elections well.
Ol.: How do you think you will participate in the elections? On common lists?
Fe.: There are two opinions on this. One argues that we participate jointly in a government coalition, and the second view proposes that the FND [the National Democratic Front] and [Gheorghe] Tătărescu run separately but establish an agreement of reciprocal assistance.
Al.: How do you understand assisting Tătărescu outside of the coalition?
Fe.: We understand this assistance in the sense that we will not attack each other, and where we encounter common enemies, we will join forces to crush them. However, even with the agreement that may be established at the top, in practice we anticipate conflicts on the ground between Tătărescu's followers and the masses supporting the FND.
Ol.: Do you have a platform?
Fe.: Yes.
Ol.: Is the platform you propose also the coalition's platform?
Fe.: They are the platform points proposed by our party as a basis of discussion with the other democratic forces, including Tătărescu.
Al.: Have you discussed the platform with the other parties?
Fe.: We have not yet discussed it, aside from the general talks with the Social Democrats. We discussed with Tătărescu some of the most important points of the program two days before arriving here.
Ol.: What are those points?

Fe.: Nationalization of the Romanian National Bank, nationalization of insurance companies, control of the main banks, and control of the activities of cartels and associations with a monopoly profile.
Al.: Is the platform you propose that of the party?
Fe.: Yes, it is the RCP's. Tătărescu also made a platform project, which is actually just empty words. We did not engage in talks based on his project but wish to make proposals so that our party will not drag behind Tătărescu's proposals.
Al.: Did Tătărescu show his project only to the communists?
Fe.: Yes, only to us.
Al.: What is the attitude of the other groups?
Fe.: Positive. The Social Democrats agree in principle. Concerning Tătărescu, we only discussed the main points. He claimed to virtually agree to nationalization if this can bring us votes, but he has reservations about writing this detail in the platform.
Ol.: That means he agreed with these things in principle?
Fe.: Yes, but he said that it may be better to do all these things after the elections, assuming that this may cause panic as well as economic and financial disturbances. And when we told him that we could not abandon these points, he let it be understood that he would be willing to have this point included in the platform.
Cr.: This is in line with their old system. Everything that would bring votes was included in the platform, without these issues ever being achieved after elections.
Ol.: What do you want to nationalize specifically?
Fe.: BNR, insurance companies; to gain control of other important banks and of industry cartels.
Ol.: What industry cartels do you have?
Fe.: The sugar industry.
Cr.: The cement industry.
Ol.: Is cement a monopoly for you?
Cr.: No, a cartel.
Ol.: Are the railroads entirely the state's?
Fe.: Yes, and it also has a number of additional factories. The state has around one-third of all industries in its ownership.
Ol.: What industries are you referring to?
Fe.: For example, the Hunedoara Iron Works, which produces pig iron, steel, and iron. They currently produce semi-fabricates, but if they had a mill, they could produce finished products. This plant runs at only 10

percent of its capacity. Out of the five furnaces it has, only one works, and that at reduced capacity. The private industries are in a similar situation. For example, Reşiţa and TNC are running at around 35 percent capacity.[82]

[Fe. shows the state of affairs in various departments of the national industry.]

Ol.: What are you lacking?
Fe.: Coal, fire-resistant materials, and raw materials.
Ol.: How much coal do you need?
Fe.: I am unable to point to an exact number.
Ol.: Let's return to what we have already discussed. Why are you linking the nationalization of BNR with the elections?
Fe.: We wanted to bring something new to the elections. We completed the agrarian reform, and after this, we need to take a further step. By nationalizing the BNR, we will strike at Brătianu and Maniu's material base.
Ol.: What other important issues do you have?
Fe.: Dealing with the problem of the monarchy in the platform.
Ol.: Do you hold special views on the monarchy?
Fe.: We avoided this problem. We did not discuss it in the CC. This problem arose here because Tătărescu deems it the first point in his platform. [Tătărescu's formulation is read.]
Ol.: Does he believe you will accept his proposal?
Fe.: We did not discuss this issue with him.
Ol.: Do you think you should mention the king in the platform?
Fe.: Keeping in mind that a monarchic sentiment exists in the country and that the "historic" parties and even Tătărescu are stressing this issue, we think it would be wise not to avoid this problem.
Ol.: What is your formulation?
Fe.: We did not include anything in the platform. Here we thought of a formulation, which has two versions.

[The first version is read out.]

[82] The Titan-Nădrag-Călan Metallurgical Works, owned by industrialist Max Auschnitt, was one of the most important industrial groups in Romania between 1920 and 1940.

"...the guarantee of civil rights and liberties within the regime of the constitutional monarchy—as the basic establishment of the democratic Romanian state."

Ol. [smiling]: This resembles Tătărescu's formula.
Fe.: We also thought the last part of the report does not fit, and this is why we have prepared a second version: "The guarantee of civil rights and liberties within the regime of the constitutional monarchy."
Al.: Do you think mentioning the monarchy in the platform will bring you votes?
Fe.: Mentioning the monarchy in the platform will not repudiate a series of our points. We have to deal with reality. The monarchic sentiment still exists here.
Al.: For the peasants?
Fe.: Yes, especially in the countryside.
Al.: Then there will be a government coalition during elections. But what about the other side?
Fe.: I do not know exactly. Judging by the enemy press, it seems that they have a common line. But I cannot say if they will run on joint lists.
Al.: We have to take into account the fact that the "historical" parties will also run on a joint list. Their troubles are bigger than yours.
Fe.: We do not have any troubles.
Cr.: We do have some frictions. For example, with the social democrats.
Fe.: There is some friction, but not the type of troubles that the "historicals" have to deal with. There are two groups in the national-peasant parties, one focused on Maniu (the Transylvanians) and the second one on Mihalache.[83]
Al.: What points do you have in the platform for the villages?
Fe.: Cheap credits, machine rental stations, seed acquisition, etc.
Fe.: What results do you think you will have in the elections?

[83] Ion Mihalache (1882–1963). Romanian teacher and politician; participated in both World War I and World War II. Immediately after World War I he founded the Peasant Party, fighting for the peasants' rights, for their emancipation, in both political and socioeconomic terms. In 1926, his party and the National Romanian Party of Iuliu Maniu merged to form the National Peasant Party, with Iuliu Maniu as president and Ion Mihalache as vice-president. Minister of agriculture (1928–1930); minister of the interior (1930–1931 and 1932–1933). In July 1947, he was arrested during the "Tămădău setup," while attempting to flee the country, and sentenced to life imprisonment (November 1947). He died in 1963, in the brutal prison of Râmnicu Sărat.

Fe.: If we organize a common front of all democratic forces, we can obtain 70–75 percent of the votes. [Explains the problem of the 20 percent electoral bonus, mentioning that the "historicals" introduced it in 1927 and that the Liberals and the Peasant Party people have profited from it.][84]

Ol.: What are the results of the agrarian reform?

Fe.: The results are relatively good. Around 600,000 households received land.

Cr.: Almost 700,000.

Ol.: Families?

Fe.: Yes, but a number of mistakes were made in the agrarian reform's implementation.

Ol.: What mistakes were made?

Fe.: Even before March 6, 1945, we urged peasants to initiate the land reform, even though the law did not yet exist. The peasants were at first timid, but following action by our activists, they began to take their land. Some abuses were committed, bypassing some of our party's provisions regarding the redistribution of land to those entitled to the land reform. [Gives various cases of abuse.]

Al.: Did you reinforce the distinction of ownership to the peasants regarding land? Did you give them property documents?

Fe.: We formed an inter-ministry commission that monitors the implementation of the agrarian reform, and after the inspection, the titles are given.

Cr.: No property titles have been given yet.

Al.: If you do not give them property documents, they will not vote for you.

Fe.: We want to divide up property titles during the electoral campaign, as one of the ways in which to attract peasants.

Al.: That is just.

Ol.: Does everyone agree with us concerning Transylvania?

Fe.: The party has fixed its point of view concerning this issue. We consider the problem of Northern Transylvania to be definitively decided. We will not even bring up this issue.

Ol.: Is it true that Groza had promised a part of Northern Transylvania?

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[84] According to the electoral law of 1926, the parties who gained a minimum of 40 percent of the total votes won an electoral bonus, which consisted of half of the number of seats in the Assembly of Deputies (the main house of the Romanian Parliament).

Fe.: I have not heard anything of the sort. [Tells the story of the reception organized by Groza to honor Hungarian artists and about the questions Miss Hungary put to Groza concerning Northern Transylvania]. Groza mentioned to us that the issue of granting administrative autonomy to Northern Transylvania within the Romanian state may be discussed. I am unsure if he has mentioned this to others as well.

Ol.: What is Maniu's standpoint on the issue of Northern Transylvania?

Fe.: He cannot openly take a standpoint that differs from ours, because he would compromise himself. But he is actually more concerned with what type of regime will be established in Romania than who will receive Northern Transylvania. He focuses attention on overthrowing the government. He maintains relations with Hungarian reactionaries. We even intercepted some letters addressed to Maniu circles.

Session II

April 3, 1946

N.: Will you take part in elections as a coalition?

Fe.: Two options were discussed in the Central Committee of the Romanian Communist Party: one, a government coalition; the other, the National-Democratic Front separately, and Tătărescu separately, culminating in a non-aggression pact. [Fe. explains why Tătărescu, who does not represent many votes, should be part of a government coalition, showing that this will break the bourgeoisie's front and further avert the danger of reactionaries targeting the National Democratic Front list as a communist list.]

N.: It is fair. How do you understand the coalition?

Fe.: A common governing platform for four years, a common list in elections, and the percentage-based distribution of mandates.

N.: How are you distributing the coalition percentages?

F.: Ploughmen's Front—24 percent, Social Democrats—23 percent, RCP—21 percent, National Liberal Party—20 percent, People's National Party—7 percent, National Peasant Party—5 percent.

N.: Is the army voting?

Fe.: We have not decided this issue yet. We thought that, since the army has not been cleansed of reactionaries, it might be the case that they should not vote.

N.: How big is your army?
Fe.: 120,000 people.
Ol.: You have more with the air force, navy, and border guards, more than 200,000.
N.: We cannot deprive the army of its right to vote. Agitation and propaganda must be intensified in the army, but you must give them to the right to vote. Do women vote?
Fe.: Yes, they vote.
N.: With equal rights, just like men?
Fe.: With the same rights.
N.: Do the youth vote? At what age are they granted the right to vote?
Fe.: We thought 18 and up.
N.: Do you have many illiterates?
Cr.: Approximately 40 percent of the population.
N.: Many illiterates. I think you should grant the right to vote from 21 years of age and up. At what age can one be elected?
Fe.: 25 years and up.
N.: It's good. Grant the right to vote from 21 years and up and the right to be elected from 25 years and up. Do you have an electoral law?
Fe.: We do.
N.: Do all the parties approve of it? Has the government ratified it?
Fe.: We have not discussed it in the government yet.
N.: Then there is no electoral law. You have the nationalization of the Romanian National Bank in your platform, and this is a good measure. You can also add the nationalization of insurance companies. Concerning the control of industrial cartels, you cannot achieve this through the banks. The control can be achieved either from the bottom up, with the help of trade unions, or from the top down by appointing the government's general managers. Joint organizations can also be created. I doubt that you will be able to do that, and for that reason it is better to not include this in your platform, so that you do not scare them needlessly. [Laughs] Does Tătărescu agree with this?
Fe.: Tătărescu agrees with all of these proposals. However, he says, "If you wish to, we can do it, but we should not include it in the platform, so that we do not scare the people."
N.: He is right. Carry out the control, but do not write this in the platform. Any bank can exercise the control by directing credit and granting it or not to certain industries. This does not require a law or to

be mentioned in the platform. Do you mention the expropriation of landowners' forests in the platform?

Fe.: Most of the Central Committee members were in favor of removing this detail from the platform. When necessary, we can confiscate forests, but we will not write anything in the platform, so we don't scare them.

Ol.: But this detail is still in the platform's text.

N.: It is not good to write this. Take it out. I see that you have included here the monopoly on foreign commerce. You will not achieve this, so there is no point in including it in the platform.

Fe.: But can we include the control and management of foreign commerce?

N.: You can achieve this by conducting a fair customs duties policy. For example, raise the duties on lemons if you do not want them to be imported. Lower the duties on items you want imported. Also, lower the duties on items you want exported, and if you have a special interest in the export of a certain item, grant an export bonus. Aside from this, you need good customs officers so that only what you want can enter and exit the country. You mention the reorganization and expansion of social insurance. What kind of insurance are you talking about? Against illness, against old age, or against unemployment? It must be specified. You will not be able to achieve insurance against unemployment. What you want must be written precisely.

You propose in the platform…"the reduction of indirect taxes to the point of cancellation." You will not be able to achieve this. We also tried it for some time, but nothing came of it.

Fe.: Let me give an example: A pair of boots costs 150,000 lei. Out of that sum, duties and taxes amount to 120,000 lei.

N.: You can write down "reduction of indirect taxes," but not their cancellation. You need to strengthen the currency and stop inflation. To achieve this, drastic economic measures must be taken. Budget expenses must be reduced.

Regarding "stabilization of national currency," you fail to mention the methods to achieve this stabilization and how you want to achieve it, and at what rate, today's rate? This is not enough, to mention in a four-year platform the maintenance of currency at the current depreciation level. You must include in the platform…strengthening the currency…. Through the gradual elimination of inflation, you must increase the flow of money. You must cut costs: Reduce the army, liquidate useless parts of business. Merchandise and goods must be pro-

duced as much as possible, and then the value of money will increase. What do you understand by "improvement of agrarian reform"?

Fe.: Obtaining cheap credits for peasants, rental stations of agricultural machines, obtaining seed, etc.

N.: Then it is formulated the wrong way. Through "improvement" one may understand that you still want to take land from its owners. Why scare them needlessly, if you do not even have this intention? [Laughs] This phrase must be taken out. You can express the idea better using the phrase: "measures to support peasant households."

Do you have compulsory primary education? The way that we have the requirement for parents to send their children to school, with the threat of penalty? You do not have anything written regarding compulsory primary education. You must take severe measures for all children to learn, and then you will not have any illiterates.

Cr.: We have had the law on free and compulsory primary education for a long time, but the children of poor peasants are not able to go to school. Schools have no wood. The children are undressed, barefoot, and cannot attend school.

N.: Yes, this surely must cost money. You have to write "measures for assuring compulsory primary education." You speak of civilian freedoms. You write, "...freedom of speech, freedom of written expression, etc., etc...." By all means, you must add "liberty of religious denominations."

What do you understand by the reorganization of the army on a democratic basis?

Fe.: A large number of reactionaries have remained in the army. The army must be re-educated and the reactionaries removed from its structure.

N.: Even they [the leaders of the historic parties], when reading this detail in your platform, will of course promptly vote for the government coalition [laughs]. You must not write this into the platform. You produce panic in the army and alienate soldiers for no purpose. The cleansing of reactionaries must be achieved. Any government has the right to cleanse its army, but this must not be mentioned in the government platform. If you wish, you can speak of "strengthening the army." There must be discipline in the army.

With regard to the nationalities living side by side, you advocate equality. Equality of nationalities is utopian. It is out of the question to speak of equality between nations. For example, Belgium is an independent state, but one cannot speak of Belgium's equality with the United States of America. It does not have its power nor its resources.

If you take two people, even they are not equal; one is smarter, more capable, more robust, etc. Even more so with regard to two nations. But it is possible to say "equal rights for nationalities living side by side." "Equality" and "equal rights" are not the same thing.

[Looks at Tătărescu's platform. Reads out:] "The consolidation of the constitutional monarchy regime, as the foundation of the Romanian state, and the guarantee of its historical development." [Laughs] And all of you agree with this proposal?

Fe.: No. We have not even discussed this with him.

N.: And what is your proposal?

Fe.: We have not studied this item in the Central Committee; only here and now have we studied it together with Cr. Tătărescu's platform, and we have realized that we cannot avoid the problem of the monarchy, and we have even studied the possibility of treating this issue not in a separate heading, but indirectly in relation to another issue.

N.: Let's see your proposal.

Fe.: "Guarantee of rights and civil liberties as part of the constitutional monarchy regime."

N.: You should mention not only "guarantee of rights and liberties," but "guarantee of the democratic regime." This must be linked to state independence so that monarchy, when it threatens independence and sovereignty of the country, can be abolished by the people. [Dictates:] "guarantee of the democratic regime and of complete sovereignty of the Romanian state within the constitutional monarchy." [Pondering] One might also write: "within" or "based on" or "on the principles of constitutional monarchy."

Ol.: "Based on" does not fit. It is close to Tătărescu's formulation.

N.: "Within" is best.

Ol.: You have turned us into monarchists, too. [Laughs]

N.: This formulation can be accepted. It is true, there is a difference between a monarchy and a republic, but it is not that big if the regime is democratic. For example, there was no monarchy in Hitlerite Germany, but this regime was more disastrous than all monarchies. Let us see what else Tătărescu writes. [Reads out:] "...capital as generator of wealth..." [Laughs] Yes, it is interesting to see how well capital would generate wealth without workers. Without the labor of workers, capital is incapable of achieving this. It will remain in banks and rot. [Gets away from the texts]

Concerning the Hungarians, you cannot write anything? Do Hungarians have schools in the country?

Cr.: They even have a Hungarian university.

N.: Yes? But what language do they use in court?

Cr.: In the regions with a Hungarian minority of more than 30 percent, they speak both languages: Romanian and Hungarian.

Ol.: But in institutions, authorities?

Cr.: The same. For example, in Oradea, a city with a Hungarian majority, 85–90 percent of functionaries are Hungarian. They still need to know Romanian.

Ol.: Of course.

N.: It must be formulated in the platform: "guarantee of rights for the Hungarian population in Romania to use freely their native language and to teach it in schools, as well as to use it in court."

N.: We have a nationalities statute that encompasses all of these rights.

Ol.: Then it should be written: "consistent application of the nationalities statute."

N.: Well, let's see how you will participate in the elections. Did Tătărescu request to enter the National Democratic Front?

Fe.: No, he did not request it, but during elections he wants to run on joint lists. However, he is requesting 30 percent of the coalition's mandates. He naturally does not have the last word.

N.: This is a lot. You cannot give him 30 percent; give him less.

Fe.: Tătărescu does not represent a force of numerical strength, but we consider his participation in the government's coalition to be important, in order to collectively strike a blow against the most reactionary part of the enemy camp.

N.: It is fair.

Cr.: Considering voting, he is not worth more than 10 percent. But to have him join us, we have agreed to give him 15–18 percent, at most 20 percent.

N.: Bargain with him, but give him less. How much did you envision for the Party?

Fe.: 21 percent.

N.: You cannot take less for the party than what you give Tătărescu, under any circumstance.

Fe.: We have a number of party members in other parties so that we will have more mandates.

N.: This is a different matter. But with a view to the people, you cannot officially request less. If you chose to run separately and not as part of a coalition, would you gain fewer votes than Tătărescu?

Fe.: No, we would gain more votes than he.

N.: Well, you see. Then why create a false opinion of the party's strength? Your situation within other parties is unknown abroad, and they will draw the wrong conclusions. It will be said that you are weak, that you are only the third party. But to Social Democrats how much are you giving?

Fe.: They requested 30 percent. We want to offer them 23 percent.

N.: It is not good to give them more votes than yourself, either. If you ran on separate tickets, would they gain more votes than you?

Fe.: It is difficult to say, but I do not think so.

N.: If you give them more, the conclusion will be drawn that you admit you are weaker. How much are you giving the Ploughmen's Front?

Fe.: Twenty-four percent.

N.: You can give them more; it is an organization that includes large peasant masses. But you cannot take less than other parties. You have to establish parity with them. If you add up the percentages: 21+23+20=64; 64/3=21 and something. [After few moments of thinking it over:] Give equal percentages to the four major participants. Take 21+23+20+24 percent=88 percent; 88/4=22. Give 22 percent to each of them, and the other parties will be the National People's Party with 7 percent,[85] and the National Peasant Party with 5 percent.[86] Will they accept this?

Fe.: With the Social Democrats it will be difficult, because they know we have our people in other parties as well.

N.: If they do not accept, give them some seats of your group. But officially, all four parties should be equal at 22 percent. And inside your country, it is not good for people to believe that you are weaker than

[85] The National People's Party was formed in January 1946, through the transformation of the Union of Patriots, a satellite organization of the Romanian Communist Party, previously formed to attract intellectuals and bureaucrats who hesitated to enroll directly with the Communists. The National People's Party participated in the 1946 elections on the common list of the Democratic Parties Bloc.

[86] National Peasant Party-Alexandrescu. A left faction of the National Peasant Party, founded in 1945 by Anton Alexandrescu; became a satellite of the Communist Party, with which it co-governed in 1945, participating in the 1946 parliamentary elections. Merged with the Ploughmen's Front in 1948.

you really are. The people will not understand what arrangements you have made and will believe that you admit yourself to be weaker than the others. You should not create a false assessment of your power.

Do you have any other questions?

Fe.: In the country we have approximately 500,000 Swabians and Saxons. They have always been the vanguard of German imperialism and the focal point of reaction. Recently, they have begun to raise their heads again. We would like to expel them.

N.: The war is over. It is difficult to expel now. Do they have the right to vote?

Fe.: We were thinking about this issue. We would like to deprive them of the right to vote.

N.: Are they Romanian citizens?

Fe.: Yes.

N.: Then it is difficult to deprive them of the right to vote. Only if you have a motive.

Fe.: Most of them were registered in the Ethnic German Group, a Hitlerite organization. We can deprive them of the right to vote.

N.: That's it—if you have this option, then do it. You should have no mercy for them. Anything else?

Fe.: We would like the major war criminals to be handed over to us: Antonescu, etc., in order to put them on trial in our country.

N.: [to Ol.] They haven't yet got these criminals? They must get them.

Ol.: The issue was delayed because of the Anglo-Americans' approval.

N.: To hell with the Anglo-Americans. Are they [Antonescu and his people] not our prisoners? They must be sent to Romania.

Ol.: The Anglo-Americans had reservations concerning the case, since they might have been requested by the Nuremberg Tribunal.

N.: Fine, this refers to all war criminals. [To Fe. and Cr.]. Fine, you will get them.

Fe.: We would like to discuss the issue of financial support for the elections.

N.: For the Party?

Fe.: Yes, for the Party.

N.: How much do you need?

Fe.: We would like to send around 15,000 activists throughout the country for three months of propaganda work: May, June, July.

N.: How much money is needed?

Fe.: Approximately 10 billion per month.

Ol.: Clearly, the figure has been studied more precisely. In the letter 14 billion per month was mentioned.
N.: Ten billion means a total of 30 billion. Do we have this money?
Ol.: [After checking:] We have a total of 600 million lei. The amount is completely insufficient. On the basis of the armistice, we receive 13 billion lei per month. The issue is to reduce this amount now. We have the option not to reduce it and to give them the amount we have wanted to reduce. But even in this event, we would only be able to take only 2–3 million per month from there, and by no means 10 billion.
N.: But what if we bought lei?
Ol.: This issue must be studied.
N.: Would you be able to do something with dollars? Could you exchange them into lei?
Fe.: Yes.
N.: At what rate?
Fe.: The dollar is 10,000 lei officially, but on the stock market it is more than 40,000 lei.
N.: Then at what rate is it good to give them to you? Would you be able to exchange it at a rate of 30,000 lei?
N.: Fine, then you will receive 1 million dollars. What else?
Cr.: In Northern Transylvania there are Hungarian citizens brought there as civil servants for the Horthy regime during the occupation of the region. The majority of them are reactionaries. They promote chauvinist propaganda and maintain an unhealthy atmosphere. We would like to send them to their homeland.
N.: Have you spoken with the Hungarian communists about this?
Fe.: We spoke with some comrades. They have agreed.
N.: I spoke with Rákosi. He said they are afraid to take back Hungarians from Czechoslovakia and other countries. Settle this with them.
Cr.: A number of Jews who were in Bessarabia and Northern Bukovina when this region was liberated by the Red Army in 1940 have arrived in Romania from the USSR. We do not present this issue because they are not Romanian citizens, but they engage in stock market speculation and, at the same time, spread propaganda hostile to the Soviet Union.
Ol.: We do not detain these people by force, nor did we send them to you. Love cannot be forced.
N.: Their sympathies are of no concern to us.
Fe.: A number of states, including Hungary, have received loans from the USA. Can we also accept them?

N.: If they give them to you, take them. [Laughs] But do not agree to terms that may affect your sovereignty. They gave a loan to Poland but established terms concerning how and for what to use it. If they want to establish terms to you as well, reply similarly. You can accept a loan, but without terms.

Fe.: But what if they give us a loan to purchase machines and other materials from them?

N.: This is something else; it can be accepted. [Ik. arrives.]
[Fe. presents the Malaxa proposal to set up a Romanian-Soviet-American company to produce tractors.] N. and Ik. agree to the proposal. They will also participate. The issue remains to be studied and concrete proposals to be made.

N.: Will you produce tractors on wheels or chain tracks?

Fe.: We have not decided this issue yet.

N.: At first, we had Ford tractors on wheels. After that, McCormick (International) and now we produce tractors with chain tracks in four factories. You should not produce Ford because it generated poor results. We use tractors on chain tracks because we have extensive fields. For you, I think the McCormick tractor will work best, bearing in mind that your agricultural farms are not bigger than 50 hectares. At any rate, you will see.

Fe.: We have proposals to build a factory for reed mace cellulose from the Danube Delta.

N.: We make it from wood, and the Finnish do the same. You can get good cellulose from reed mace. You can accept this proposal.

Cr.: Proposals have been received from the Ploughmen's Front, especially Groza, to transform this organization into a party.

N.: Do you have other peasant parties?

Cr.: Maniu's National Peasant Party and that of Anton Alexandrescu.

N.: You can name it "The Working Ploughmen's Front" to distinguish it from Maniu's Kulak Party. It is the same in Poland. There is the peasant party of Mikołaiczyk,[87] in which all kulaks enter, and there is the Work-

[87] Stanisław Mikołajczyk (1901–1966), Polish politician. Known for his opposition to the authoritarian Polish government formed after Jozef Pilsudski's death. Maintained political functions during World War II in exile in London, became prime minister of the Polish government-in-exile in 1943–1944. Vice prime minister in Warsaw government (1945–1947), embroiled in a long-lasting conflict with communist authorities. Escaped to the West after the massive communist election fraud and the risk of arrest.

ing Ploughmen's Front. You must focus all your attention on this party and send them two or three of your strongest and best prepared leaders, in order to master the situation. This issue deserves every effort, because it is of high importance. Send the best and the toughest.

Fe.: [Shows the economic diagrams, which demonstrate the increasingly large scissors between production on the one side and prices on the other. At the same time, salaries are completely insufficient and goods extremely scarce.]

N.: This is a characteristic feature of inflation. Drastic economic measures must be taken. Reduce the army. Aside from this, a capable and strong finance minister is needed.

Fe.: If we are offered the Ministry of National Economy, can we accept it?

N.: Do you have trained cadres?

Fe.: We have cadres that have been trained well enough.

N.: In this case, you can take it.

Cr.: In the time of Rădescu, 80,000 men were in the police forces. Prior to March 6, their numbers were reduced to 30,000 men. We cannot currently cope with such a reduced force.

N.: Eighty thousand was extremely large. You can increase your force to 40,000 men. How big is your army?

Cr.: One hundred twenty thousand.

Ol.: With your other armed forces, such as the air force, navy, and border patrol, you have over 200,000. These numbers must be reduced.

Cr.: The king is opposed.

N.: You have to show him that there are no resources and that, in the current inflationary circumstances, it is necessary to make this reduction. Does the king have a civil list?

Fe.: Yes.

N.: How much does he have on the civil list?

Cr.: We do not know exactly. In either case, this does not mean much to him; he is one of the wealthiest landowners in the country. He owns extensive estates.

N.: Were his lands not affected during the agrarian reform?

Cr.: No.

N.: And he was not generous enough to divide the land up for the peasants himself?

Cr.: He was not generous at all.

Source: ANIC, fond CC al PCR—Secția Cancelarie, dosar nr. 28/1946, ff.1–16.

DOCUMENT No. 19:

Transcript of Meeting of Romanian–Soviet Commission of Economic Cooperation

January 28, 1947

The document reveals the existing tensions between the Romanian and Soviet sides that resulted from the Soviet understanding of the cooperation concerning the joint-stock Sovrom companies. The large sums of cash requested by the Soviet side as "legal benefits" indicate, even if only partially, the dimensions of economic exploitation to which the Romanian state was subjected. Within this context, the plea of the future prime minister of Romania, Ion Gheorghe Maurer, to establish the "Supervisory Cabinet of the Sovroms" was highly important and can be seen as a means to defend the Romanian national interest. This position caused Maurer to recede into the political background for a decade; his protector, Gheorghe Gheorghiu-Dej, brought him back to the forefront of political life only in the summer of 1957.

Mr. Sergeev proposes as plan of discussion:[88]

1. Conclusion of the talks on Sovrompetrol and Sovromlemn that had started in Bucharest
2. Working plan for 1947 of Sovromlemn and Sovrompetrol
3. A general survey of the other Sovroms
4. Problems related to the Soviet enterprises in Romania

Mr. Alexandrini agrees to the plan of discussion, but also believes that the following problems need to be addressed:

5. Difficulties encountered in the previous cooperation
6. Manufactures
7. New areas of cooperation

Mr. Sergeev would like to know which areas we are considering.

Mr. Alexandrini: Establishing new common enterprises for the production of coal, soot, and graphite electrodes.

Mr. Sergeev: A tractor factory has been talked about.

[88] Unidentified.

Mr. Maurer:[89] The tractor factory, as well as the reed cellulose factory, will be discussed at a later time, as we are still awaiting further explanations.

Mr. Sergeev: Are you not waiting for us to provide explanations? We are ready to talk.

Mr. Maurer: We know. We are expecting information from somewhere else.

Mr. Sergeev: Well. I would like to request that your experts make a report of the new enterprises, specifying projected output, availability of facilities and raw materials, how much is being produced now, necessary facilities, etc.

Mr. Maurer: The report will be made. I would like to propose to add to the discussion the problem of establishing a supervisory commission of Sovrom activities according to Article 6 of the May 8, 1945, agreement.

Mr. Sergeev proposes to start the general discussion. He recapitulates those problems on which agreement has been reached.

1. Sovrompetrol will sell abroad 70,000 tons of white petroleum products taken from the Romanian side's contribution.
2. The remainder of export products will be paid by the Romanian state in hard currency.
3. The prices will be the average of international prices in 1947.
4. The established amounts, as well as those received from the Romanian state, will be used by Sovrompetrol in order to purchase technical materials.
5. The Romanian government will pay Sovrompetrol favorable prices that will enable profit.
6. Profit sharing will be proportional to each side's contributions.

The discussion moves to problems for which no solution has yet been found. The Soviet side has requested 2,081,354 dollars for Sovrompetrol, for petroleum products out of Romanian contributions and which the Romanian state assumed from Sovrompetrol during 1946.

[89] Ion Gheorghe Maurer (Jean Georges Maurer) (1902–2000). Member of the Central Committee of the Romanian Workers'/Communist Party (October 21, 1945–December 1955 and June 13, 1957–November 28, 1974). Politburo member from 1960 to 1965, member of Executive Committee of the Central Committee of the RCP (1965–1974).

1. The Soviet side has requested 2,163,000 dollars for Sovrompetrol to cover capital depreciation of Sovrompetrol's equipment (resulting from unfair Romanian prices).
2. The Soviet side has requested payment of 2,500,000 dollars as profit that it was denied until January 1, 1947. It is reminded that the lump-sum is estimated because the exact amount cannot be determined.

The Romanian side recalls that it has agreed to an exorbitant payment of a lump sum in 1946, but that the profit will be calculated in lei and transferred to the USSR by means of the Agreement on Non-commercial Payments, according to Article 5 in the agreement signed on May 5, 1945.

It is debated whether, from the fixed non-commercial payments percentage, a certain quota portion will affect Soviet profits or not.

Will it be discussed as a part of this committee or as part of the non-commercial payments committee?

Mr. Sergeev will consult with Mr. Bastrov and will give us a response.[90]

3. The USSR's profit from Sovrompetrol may be transferred in advance, but the size of the profit has not yet been established.

Mr. Alexandrini: Of course, as long as there will be a profit.

Mr. Maurer: The idea is that the profit is calculated at the end of the year on the basis of the final balance. We nevertheless agree to transfer certain amounts in advance and then to correct the final amount. Trimester balances may be made. The respective quota from the non-commercial payments agreement, however, must be taken into account. In other words, not the entire profit should be transferred, but only as much as possible, with the remainder utilized for investment.

Mr. Sergeev: In discussions, a profit of 8 percent has been mentioned.

Mr. Maurer: The 8 percent has been mentioned as a legal return based on production units, but this does not determine the annual return, which can only be set according to the balance and which depends on the movement of capital.

[90] Unidentified.

The Soviet delegation points out a number of issues discussed in Bucharest that have already been resolved and says that the memorandum will be signed in Moscow during the talks.

1. New land tracts for Sovrompetrol: Doiceşti, Şotânga, Călineşti, Filipeşti, Gura Drăgăneşti. Three tracts will be added to Annex 3 in the Convention, and the rest as a new item in the agreement.
2. The right to survey at Arad and Chişinău-Criş.
3. Common exploration and exploitation with Acex of five land tracts in Timişoara (three belonging to Acex and two to Sovrompetrol).
4. Cooperation with Sonametan at Odorhei.
5. Sovrompetrol's right to operate at Prisaca and Valea Unguroaicei.
6. Participation quota and right to operate on mountain plots 6 and 7, and 9.

Mr. Sergeev points out that Sovrompetrol intends to extract 1,200,000 tons of crude oil in 1947, to process 1,485,000 tons, and to conduct exploration and exploitation drilling on 95,400 cubic meters out of 140,000 scheduled for the entire country, out of which only 36,000 cubic meters will be for exploration drilling, keeping in mind that in 1946 only 14,000 cubic meters were drilled countrywide.

Mr. Stupi reveals an offer of 1 million shares in the "Mining Credit Account" at the price of 50,000 per piece plus 3,000 brokerage; this is a total of 53,000. With these shares in the "Mining Credit Account," 46 percent of shares will be held, and a general meeting may be held if Article 203 of the commercial code is modified.[91]

Mr. Maurer requests the establishment of a Sovrom supervisory board, according to Article 6 of the Convention. He shows the importance of this request to the commission.

Mr. Sergeev requests concrete proposals. How it will function, how many members, etc. Both sides will consider and make proposals.

Mr. Maurer: It is necessary to mention in the current discussion that the Sovroms are Romanian companies and that they are under Romanian jurisdiction just like other companies, according to the stipulations in the May 8, 1945, agreement. This is necessary in order to avoid a number of difficulties that have arisen to date.

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[91] Unidentified.

Mr. Sergeev wants to know the material basis that led to introducing the problem.

Mr. Maurer gives examples of the ways in which Sovromtransport utilizes its returns without consulting the National Bank of Romania, according to laws currently in effect, and of the Soviet proposals to split the Sovrom's profits between both sides. He shows that this can produce serious difficulties, in that we own a number of factories that have attracted other foreign capital, and according to the peace treaty's clause of "most favored nation," we must immediately and automatically employ identical treatment.

Mr. Sergeev declares that he also foresaw discussing the problems in the Sovroms and that the Soviet side undertakes to solve these problems in a way that satisfies both sides.

Source: ANIC, fond CC al PCR—Secția Economică, dosar nr. 12/1947, ff. 1–4.

DOCUMENT No. 20:

Aide-memoire Drafted by British Oil Companies Operating in Romania [Excerpt]

April 15, 1947

Difficulties encountered by British oil companies in Romania[92]

[...]

Discrimination in favor of Sovrompetrol

1) The petroleum law of 1942 has granted special privileges regarding land acquisition, taxation, credits, etc., to companies retaining at least 75 percent Romanian capital. These discriminatory rights were granted on grounds of special exception also to Sovrompetrol with only 50 percent Romanian capital.
2) Concessions: Sovrompetrol is to be awarded any exploitable land tracts that will become available to the state, in a large number of promising regions that lie around oil regions already surveyed. Likewise, it was awarded a preference right to equal conditions over any other company at any auction of exploitable state-owned oil lands.
3) Oil royalties: Although Sovrompetrol does not produce petroleum, it receives for production the majority of oil royalties payable to the state from the production of all companies in Romania.
4) Exports and estimates: Sovrompetrol has obtained the right to receive without difficulties, as shown by its exports, the necessary estimates for the purchase of foreign materials. Such a right has not been granted to any other oil company. During the last few

[92] English capital was invested in oil exploitation in Romania since the 19th century. In 1903 four British firms were active in Romania, and in 1910 Royal Dutch-Shell founded the company Astra Română. Oil production in Romania was the fourth largest in the world in 1913, and by 1930 English capital owned a 20.62 percent share of oil industry in Romania, second only to Romania (26.62 percent). By 1931, 16 English companies were operating in Romania, of which Astra Română was the largest oil company in the country. In 1938, Romania was sixth in the world in oil production, first in Europe (not counting the USSR), and second in natural gas production. The offensive of German capital, through Kontinentale Öl AG, greatly weakened British positions in Romania and permitted the rapid formation of Sovrompetrol, through the Soviet substitution of the Germans.

weeks, Sovrompetrol, with the help of a small Romanian representative, Carburant, made an offer to London agents for 70,000 tons of oil products, whose availability was guaranteed in Romania, in exchange for English pounds.

Source: AMAE, fond Conferința Păcii. 1946, vol. 143, ff. 217–218.

DOCUMENT No. 21:

Note regarding Soviet Claims on Formerly German-Owned Insurance Companies

April 1948

The Soviet Union's continuing interest in obtaining maximum profit from taking over former German shares in various companies that had operated in Romania on August 23, 1944, can be clearly seen also from the measures taken to ensure Soviet preeminence in the field of insurance. The document demonstrates one of the strategies employed to impose Soviet views: to label as "fascist" a law or a person that was opposed to Soviet interest in Romania.

On April 12, 1948, the following gentlemen appeared at the General Directorate of R.A.A.S.:[93] Belavin,[94] director-general of the Vatra Dornei company; Karkachev,[95] administrative delegate for the Transylvania company; and Mr. Ghimişliu,[96] director of Gostrakh, who came as a translator.

Mr. Belavin, after recounting the history of insurance companies in Romania, showed the following in his speech:

1) The German insurance companies, namely Victoria, Vatra Dornei, and Transylvania, were transferred to the USSR as reparation for damages suffered at the hands of the Germans, and that as such, these companies must generate benefits, which are important for reconstruction in the USSR.
2) These companies belong to and work for the Soviet Union.
3) By monopolizing insurance of Romanian state property, the Autonomous Administration of State Insurance is damaging these formerly German-owned insurance companies. It has caused them damages, especially by insuring cotton and industrial agencies. He stated that these damages have been brought to the knowledge of the Romanian government. He also stated that the Autonomous Administration of State Insurance is competing unfairly by levying lower premiums than [Soviet-owned] insurance companies.

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93 R.A.A.S.—Regia Autonomă a Asigurărilor de Stat (Autonomous Administration of State Insurance).
94 Unidentified.
95 Unidentified.
96 Unidentified.

4) He also affirmed that the AASI law from 1942 is a fascist law and it contravenes Article 24, part b, in the peace treaty. Consequently, he requested that AASI notify superior authorities, in favor of:
   a. – The repeal of the R.A.A.S. law in the texts that prejudice USSR interests, in that it contravenes the text of Article 24, part b in the peace treaty;
   b. – AASI canceling the brochures headed for industrial offices, regarding their mandatory insurance to AASI
   c. – R.A.A.S. revising its rate of charging premiums, increasing prices to the level applied by Soviet insurance companies.

Signed: General Director Gh. Artenie[97]

Source: ANIC, fond Ministerul Afacerilor Interne—Direcția Administrației de Stat, dosar nr. 22/1948, ff. 49.

[97] Unidentified.

DOCUMENT No. 22:

Soviet and Romanian Speeches Delivered on the Occasion of Signing Agreements on Joint Soviet–Romanian Companies in Bucharest

November 1, 1948

The ambassador of the USSR, S.I. Kavtaradze, and the delegation of Soviet experts on the one side, and Prime Minister Petru Groza and members of the Romanian government on the other, participated in the signing ceremony. Official speeches were delivered by Vasile Luca, minister of finance, on the Romanian side and by Yatrov[98] on the Soviet side.

On Monday, November 1, 1948, at 18:00, the signing ceremony for the Romanian–Soviet economic agreements took place at the Presidency of the Council of Ministers.

On the Soviet side, the following persons participated: Mr. Ambassador S.I. Kavtaradze,[99] together with the delegation of Soviet experts who negotiated with our delegation, and on the Romanian side: Dr. Petru Groza, President of the Council of Ministers, government members, and the respective delegation of experts.

After the conventions' signing, the following spoke: Mr. Vasile Luca,[100] Minister of Finance on the Romanian side, and Yatrov, from the Soviet delegation.

Speech by Mr. Vasile Luca, Minister of Finance:

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98 Unidentified.

99 Sergei (Sergo) I. Kavtaradze (1885–1971). Soviet politician (of Georgian nationality). General prosecutor of the USSR, survived the Great Terror of the 1930s. Retrieved later by Stalin, became adjunct of the Ministry of Foreign Affairs. Sent as ambassador to Bucharest (1945–1952); maintained close relations with the leadership of the Romanian Communist Party and had a key role in the Sovietization of Romania.

100 Vasile Luca (1898–1963). Romanian politician. Member of the Romanian Communist Party, imprisoned several times for political activity during the interwar period. Arrived to the USSR in 1940, held leadership positions in the Ukrainian Soviet Republic. Returned to Romania after the Soviet occupation in 1944 and became member of the Secretariat of the Central Committee of the Romanian Communist Party, as well as minister of finance (1947–1952). Accused of "right deviationism" and anti-party activity; arrested and sentenced to death; sentence later commuted to life imprisonment; died in prison.

Friends and comrades, we have now signed two of the most important documents regarding the creation of new Romanian–Soviet companies, with which the economic cooperation between the People's Republic of Romania and the Soviet Union enters a new phase.

In order to understand the importance of this cooperation, please allow me to speak briefly about the development, up to today, of economic relations between our republic and the Soviet Union. We all know that after the defeat of the Hitlerite hordes and the liberation of our country by the heroic Soviet Army, a series of enterprises and goods that were owned by the Germans in Romania passed, as war restitution, into the ownership of the Soviet Union. The Soviet government, keeping in mind the Romanian government's requests at that time, decided not to take these goods out of our country, but instead to incorporate them, together with us, into the Romanian economy and, as a consequence, support development of our national economy, thus revealing in particular that the Romanian people has decided this time to follow a new path in its development, the road to friendship with the peoples of the Soviet Union, the road to removing those obstacles that were placed by reactionaries in the way of friendship and cooperation with the country of socialism.

The enemies of the people have not looked kindly upon this cooperation. The enemies of the people understood clearly that the development of economic relations based on equality, on the basis of help given by the Soviet Union to weaker nations, destroys the lies and calumnies definitively and permanently and will also create a friendship between the hardworking people in our country and the peoples in the Soviet Union, a friendship that will never be shaken. Therefore, the enemies of the people did everything to compromise this economic cooperation. They placed all kinds of obstacles in the way of companies established after the war; they delayed their organization and impeded their development; they did not back down from acts of sabotage against those workers who worked at these enterprises in order to compromise the economic cooperation with the Soviet Union.

The enemies of our people would have preferred cooperation with other countries; they would have preferred throwing our country into the arms of the Marshall Plan, thus sacrificing the national, economic, and social independence of our country. By compromising our cooperation with the Soviet Union, they hoped to compromise our friendly relations with our great neighbor in the East.

They have sought to isolate the Romanian people from the peoples of the Soviet Union, in order to impede the democratic development of

our country, and in order for them to regain their class privileges. However, over the years, beginning with August 23, 1944, and up to this day, they have received more determined blows that will lead to the definitive removal of the dominant classes from the country's helm, from the leadership of the country and of the people.

They have intended—as has been exposed so many times and as was exposed today at the closing of the trial we held[101]—through their actions against the people, through their acts of national betrayal, to impede the development of our democratic regime's economy and to put the country into the service of imperialism, in order to create once again, and with the help of our country, the imperialist encirclement of the Soviet Union.

For the enemies of the people, the interests of the exploiting class were above the interests of the country and the people. Once the exploiting, capitalist elements were removed from the country's helm, the obstacles standing in the way of the economic cooperation between Romania and the Soviet Union were also removed. One after another, all the difficulties created by the enemy elements at the country's helm before us were removed, and if we look at this economic cooperation through its development, we can affirm joyfully that the Soviet–Romanian enterprises, the Sovroms in our country, have become a key factor in the development of our economy and for the building of socialism in our country.

If we make a comparison with other cooperations in effect now in Western Europe, where the so-called Marshall Plan is being applied, we can clearly show the whole world that over there, factories and industrial plants are being closed and dissolved; that over there, millions of people are thrown into the clutches of poverty and unemployment; that over there, inflation, poverty, and hunger is devastating even those countries that were victorious in the war; that over there, the rights of the people are stifled by reactionaries, and there is no prospect for redress through the Marshall Plan, no economic stabilization, and no monetary stabilization. For exam-

[101] Refers to the trial of "The Great Finance," begun in October 1948 in the Military Tribunal of Bucharest. The accused (many absent) were rear-admiral Horia Măcellariu; industrialist Max Auschnitt; engineers Alexandru Pop, Ioan Bujoiu, Alexandru Balş, and Dimitrie Gheorghiu; university professors George Manu and Nicolae Mărgineanu; professors Nicolae Petraşcu and Gheorghe Bontilă; and lawyers Eugen Teodorescu and Nistor Chioreanu. It was a show trial organized by the communist government; many of the charges were without factual basis, and many of the accused did not know one another. The verdict was handed down November 2, 1948, and the sentences were harsh.

ple, the attempts in France, the fifth or sixth attempt, for monetary stabilization and its failure; there is no prospect for redressing matters, the economic situation, as long as this country pursues the road of imperialist American expansion. The only escape for these people and this country is the fight against imperialism—against the destruction of these plans for pillaging, and not for the relief of nations.

For us, the help we have received from the Soviet Union, the economic cooperation with our great neighbor in the East, and the economic cooperation with the new popular democracies have allowed us to defeat the consequences of the war and to overcome the consequences of the drought, thus heading down the road of our economic development step by step, strengthening our coinage through the reform we have made, and thus passing into a planned economy as a result of nationalizing the more important enterprises.

Through this cooperation, we are building a tractor factory and founding a number of other enterprises. This means that we are setting out on the road to the concrete resolution of our agriculture's mechanization; this means preparing socialism's entry into the villages; this means strengthening our country's economic and political independence.

On this road to a close economic cooperation between the Soviet Union, our country, and the popular democracies, such an enterprise, apart from this cooperation, is a deathblow to the imperialists. This represents breaking down the blockade the imperialists are trying to create around us in order to impede our economic development and enslave us, from an economic and political viewpoint.

Our people, the working class in our country, is observing with utmost tension the further development of the economic cooperation between our country and the Soviet Union and is convinced that this cooperation strengthens our country's economic and political position, strengthens friendship between our people and the people of the Soviet Union, and strengthens the front of peace, the front of liberty, and the front of socialism.

The working class is working with increasing confidence and enthusiasm, organizing competitions for the building of socialism in our country. We are certain that these enterprises—the tractor factory, the chemical enterprise, and other companies that are in the process of being created—will strengthen even more our working people's confidence in the future. These enterprises are hastening the reconstruction of our country, its economic development, and the building of socialism in the People's Republic of Romania. [Loud applause]

Mr. Yatrov's speech

Friends and comrades, today we signed, on behalf of the government of the Union of Soviet Socialist Republics and the government of the People's Republic of Romania, the founding agreement of the joint companies Sovrom-Tractor and Sovrom-Chim. This is a new contribution to the cooperation between our countries for strengthening the economy of the People's Republic of Romania and for the development of important branches of its industry.

The cooperation between the People's Republic of Romania and the Soviet Union, which came into being immediately after the destruction of fascist invaders, is developing successfully on the path of intensifying economic relations and on the path of strengthening the friendship between the peoples of the Union of Soviet Socialist Republics and the people of the People's Republic of Romania.

Our economic cooperation is a new form of economic relations between the countries, based on the new principle of parity, of equality in contributions, of equality in leadership, and the principle of full sovereignty of our countries.

The establishment of the new joint companies Sovrom-Tractor and Sovrom-Chim confirms at once the unflinching strength of the foundation of economic cooperation between our countries, the unflinching foundation of friendship between our people. Today is an important day in the development of our economic cooperation, because today, the conventions that will allow the People's Republic of Romania the possibility to create for itself, in a short time period, a new branch of industry, the branch of tractor production, are signed. Likewise, the People's Republic of Romania will increase, in a very short time period, its production of chemical fertilizers and other products in the same category necessary for the Romanian economy.

I have to mention that we are referring to the construction and reconstruction of big industrial plants in the important branches of the national economy. Soon Romania will be supplied with a large number of tractors constructed in the same way as most modern tractors of the Soviet Union. As is known, all the equipment necessary to build tractor factories will be delivered by the Soviet side. Likewise, the production will begin of the first units of chain track tractors, which will be delivered from the Soviet Union in the form of detached machine parts. The other industrial plant, which will produce fertilizers and other chemicals in greater quantities, will likewise be supplied with equipment delivered from the Soviet Union.

A great and tense work stands before us, in order for both sides to be able to execute their assumed obligations in the terms stipulated by the conventions, in order to build and rebuild the industrial plants mentioned here and to ensure production in the necessary quantity and quality. Through our work regarding the economic cooperation, through our common work regarding the improvement of labor in the Soviet-Romanian joint companies, we have reason to be convinced that the tense and hard work that lies ahead of us, regarding the creation and development of the new Sovrom-Tractor and Sovrom-Chim companies, will likewise be executed well and on time, respecting the terms indicated.

We view confidently our friendly economic cooperation, which is based on the principle of full parity, the principle of cooperation, and respect for the independence and sovereignty of our countries.

We express our confidence that this economic cooperative work will contribute further to strengthening our democratic, anti-imperialist camp, strengthening our mutual agreement, and leading us toward a closer familiarity and stronger friendship between the peoples of the Union of Soviet Socialist Republics and the people of the People's Republic of Romania. [Loud applause]

Ceremony ends at 19:00.

Source: ANIC, fond Preşedinţia Consiliului de Miniştri—Stenograme, dosar nr. 11/1948, ff. 1–8.

DOCUMENT No. 23:

Founding the Soviet–Romanian Film Company, Sovrom Film

August 9, 1947

The document reveals a great discrepancy between the amount of Romanian and Soviet capital to contribute to create the joint company Sovromfilm.

Sovromfilm was founded in January 1947 on the basis of the registered capital of 100,000,000 lei in cash. This capital was covered in the following way: 50,000,000 (fifty million) deposited by Sovexportfilm and 50,000,000 (fifty million) by People's Film.

In addition to Soviet registered capital, the Soviet side has contributed as a deposit films and advertising materials imported into the country before January, assessed by specialists to be worth 1,041,000,000 (one billion and forty one million) (the basis for calculation, as in all the settlements with the Soviets, being the dollar's official rate of exchange).

People's Film made this contribution in cash, taking out a loan from CEC,[102] which at present is completely liquidated.

Aside from this contribution, the Romanian side, i.e. People's Film, also contributed 300,000,000 lei (6,000,000 dollars, after last year's unofficial rate of exchange, meaning 30,000,000,000 lei today). Because film exploitation on Romanian territory and abroad belongs exclusively to Sovromfilm, this money will not be even partially recovered by People's Film but by Sovromfilm. Therefore the amount must be considered a contribution from the Romanian side to Sovromfilm.

What does Sovromfilm represent? An exclusive representative of standard (35 mm film) Soviet artistic film on Romanian territory.

In contrast to the situation of other Sovroms, alongside Sovromfilm exists Sovexportfilm, which deals with the following:

1) Importation of film (positive and negative).
2) Importation of standard (35 mm) artistic films, which are delivered for exploitation by Sovromfilm.

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[102] Casa de Economii și Consemnațiuni (C.E.C.). One of the oldest and most popular banking institutions held by the Romanian state, founded in 1864 by Prince Alexandru Ioan Cuza.

3) Import of narrow films (16 mm) and thin devices, which it sells through the anonymous company O.C.R. [Office of Romanian Cinematography], a company taken over as a good enemy.
4) Broadcasting standard artistic films in villages, based on a contract completed with Mobile Group of the Department of Political Education of the Central Committee of the Romanian Communist Party.

In Romania, the conditions for the exploitation of Soviet film and, therefore, the contributions between the Soviet side and the national side differ from those established in Hungary, Czechoslovakia, and Austria in the following way:

1) In Hungary, the company Mafirt (analogous to People's Film for us) succeeded in obtaining the monopoly on broadcasting Soviet film, which means that the Hungarian side is earning 50 percent of exploitation after the reduction of all expenses. Therefore, Mafirt finds itself privileged, in contrast to People's Film, with 50 percent of the earnings going directly to Mafirt.
2) In Czechoslovakia, where the industry and cinemas are nationalized, Soviet film is imported by Sovexportfilm and exploited through the Ministry of Information's Service of Kinofication, by means of the cinema tax of approximately 35 percent per film (while in Romania, cinematographers pay Sovromfilm, on average, between 42 percent and 50 percent).

   The amounts established for us are divided in two; the Romanian side 50 percent, and the Soviet side 50 percent, which, according to the reported percentage mentioned above, generates returns of between 21 percent and 25 percent. Therefore, the private cinematographer is generally disadvantaged, and the Soviet side divides this advantage through Sovromfilm with the Romanian side. This helps the new company created, Sovromfilm, to develop and gain new prosperity perspectives. We must emphasize that the Romanian side's benefits help increase the capital of Sovromfilm, and for a considerable amount of time we can consider at least a partial benefit in the organization that participated in the establishment of Sovromfilm, namely People's Film.
3) In Austria, two types of cinemas exist. Some belong to private individuals; others (the majority), that had been German property in the past, are run by Sovromfilm. Soviet film is directly exploited through Sovromfilm in their cinemas, as well as in the private ones,

but on a case-by-case basis established by conventions. The creation of a Soviet-Austrian company based on the principles of Sovromfilm is being planned.

Unresolved issues with People's Film and Sovromfilm

1) The contract between Sovromfilm and Sovexportfilm, namely the contract regarding the conditions of exploitation for Soviet film in Romania, has not been signed up to this point.
2) The problem of strengthening the OCR [Office of Romanian Cinematography] in Sovromfilm has not been resolved. This action assumes the deposit of new capital by People's Film, capital it does not have.
3) Tied somewhat to the previous point is the issue of exploiting existing cinemas in the People's Film system and the acquisition of new cinemas. Even though comrade Belai[103] always raises this issue, there is no inclination to resolve this amen ably. After comrade Chişinevschi's[104] proposal to divide the sphere of influence—a proposal accepted by comrade Belai in personal discussions with comrade Chişinevschi—the concrete proposal by the People's Front has followed to cede to Sovromfilm 12 cinemas on the territory of Moldova, Muntenia, Oltenia, and Dobrogea, regions remaining to be exploited by Sovromfilm. This proposal was not accepted by comrade Belai, who raises the issue of submitting ARO cinema and the Józsa Béla branch from Transylvania (which it received from the Cluj Regional). These goods, however, are the only bases of existence for People's Film.

The main difficulty is lack of funds on both sides. A few ways out of this situation may exist:

1) Attracting private capital. This task is impossible at the moment, not only because we do not wish to divide our shares with private individuals, but primarily because capitalists wish to utilize their capital in a different way, one that would allow them to gain the

[103] Unidentified.

[104] Iosif Chişinevschi (Iosif Roitman) (1905–1962). Member of the Central Committee of the Romanian Communist Party (October 21, 1945–June 25, 1960); member of Politburo of the CC of the Romanian Workers' Party (February 24, 1948–July 3, 1957); responsible for the Propaganda, Foreign Affairs, External Cadres, and Administrative-Political Sections of the Politburo.

most benefits in the shortest time. Not even from our sister organizations, such as the Patriotic Defense, or even other sectors in the Department of Political Education (such as the Party Publishing House), have we encountered a wish to invest capital in People's Front shares (we also advised them against it, because we understand that they cannot immobilize their capital in our shares).

2) Our second possibility would be the dissolution of People's Film and the fusion of everything related to cinematography into Sovromfilm. I do not believe that, at the moment, we can claim that we do not need People's Film any longer, since this organization has its purpose and because it has the possibility to carry out its activities as a purely national organization. One must observe that many cinematographers and film distributors in the country, as well as foreign ones, are negotiating with People's Film and avoiding the Soviet–Romanian company. On the other hand, even Sovromfilm, through its actual system of work and through its cadres, does not ensure sufficiently the completion of the plans we have proposed.
3) The third and best possibility is relieving the two sister organizations with credits from the Romanian National Bank and by offering the chance to acquire films abroad based on estimates at the official rate.

Signed: Secretary of Cinematography Commission N. Scurtu

Source: ANIC, fond CC al PCR—Secția Propagandă și Agitație, dosar nr. 41/1947, ff. 1–4.

DOCUMENT No. 24:

Transcript of CC Romanian Workers' Party Session regarding the Fate of Sovroms [Excerpts]

March 7, 1953

This document elucidates one moment in the exceedingly hard battle fought by Gheorghe Gheorghiu-Dej and his associates to achieve the dissolution of the Romanian-Soviet joint enterprises and their reintegration into the Romanian economy. The document also illustrates the efforts to put the Sovroms (which continued to operate until 1956) on a basis of mutual economic benefit.

The meeting report from March 7, 1953, in which the passing of Sovroms into the ownership of the Romanian state was discussed.

The following party members are present: Gheorghe Gheorghiu-Dej, Miron Constantinescu,[105] Chivu Stoica,[106] Alexandru Moghioroș,[107] D. Coliu[108] [...]

Miron Constantinescu: Following the recent agreement between the Soviet government and the government of the Romanian People's Republic, it was decided that eight Soviet-Romanian enterprises were to become state enterprises, meaning that the Soviet part of these companies would be purchased by the Romanian state. These Sovroms are Sovrommetal-Reșița,[109]

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[105] Miron Constantinescu (1917–1974). Member of the Central Committee of the Romanian Communist Party (1945–1960 and 1969–1974). Member of the Politburo (1948–1957); chairman of the Planning Commission (1949–1955); deputy chairman of the Council of Ministers (1954–1957).

[106] Chivu Stoica (1908–1975). Member of the Central Committee of the Romanian Communist Party (October 21, 1945–February 17, 1975). Member of the Politburo (1952–1969); chairman of the Council of Ministers (1955–1962); chairman of the State Council (1965–1967).

[107] Alexandru Moghioroș (Magyarosi) (1911–1969). Member of the Central Committee of the Romanian Communist Party (October 21, 1945–December 1968); member of the Politburo (1948–1965); deputy chairman of the Council of Ministers (1954–1967).

[108] Dumitru Coliu (Dimităr Kolev) (1907–1985). Member of the Central Committee of the Romanian Communist Party (1945–1979); candidate of the Politburo (1952–1965); member of the Central Committee (1945–1979); candidate/alternate member of the Executive Committee of the Central Committee (1965–1969); chief of the State Control Commission (1960– 1966) and the Party Control Commission (1965–1969).

[109] Sovrommetal produced steel, cast iron, railway material, and machine tools. It functioned from July 19, 1949, to the summer of 1953.

Sovromchim-Ucea,[110] Sovromlemn,[111] Sovromtractor in Stalin City,[112] Sovromcărbune from the Jiu Valley,[113] Anina and Şotânga, Sovromgaz,[114] Sovrombanc,[115] and Sovromconstrucții.[116] The following will remain Soviet–Romanian enterprises: Sovrompetrol,[117] Sovromutilajpetrolifer,[118] Sovromnaval,[119] Sovromtransport,[120] and T.A.R.S. (Transporturile Aeriene Româno-Sovietice).[121] The conventions for the written consent of these agreements will be signed shortly, but according to an agreement between both governments, our government must prepare a gradual succession

[110] Sovromchim produced explosives and a variety of chemicals: colors, varnishes, and fertilizers. It was founded on August 19, 1949.

[111] Sovromlemn was tasked with exploiting forests, and the primary industrialization of wood by producing building timber, especially from coniferous trees. It was founded on March 20, 1946.

[112] Sovromtractor produced the first Romanian tractors, under the license of the Soviet production, by adapting the capacities of the production of the former aircraft plant, Industria Aeronautică Română (IAR). It was founded on August 19, 1949.

[113] Sovromcărbune united the main coal mines of Romania while it produced mainly brown coal, but also mining hard coal. It was founded on July 4, 1949.

[114] Sovromgaz handled the exploitation of the main deposits of natural gas in Romania and made sure it was transported safely to the industrial beneficiaries and the households. It was founded on March 20, 1946.

[115] Sovrombanc was a Soviet–Romanian bank. Its portfolio contained all types of banking operations that were usual at that time, especially those being used to realize the clearing between the two states. It was founded on August 14, 1945.

[116] Sovromconstrucții was a gigantic civil and industrial construction monopoly engaged in a great variety of constructions, from bridges and streets to grain silos and workers' housing. It was founded on August 19, 1949.

[117] Sovrompetrol exploited the most important oil fields of Romania. It functioned from July 17, 1945, to October 22, 1956.

[118] Sovromutilajpetrolifer was founded in August 1952 by uniting several Romanian enterprises for the manufacture of equipment needed for the production and refining of petroleum, while it disposed of the capacities of the production in Câmpina, Ploiești, Bacău, Târgoviște, Reșița, and Bocșa. It was liquidated in September 1954.

[119] Sovromnaval was funded in August 12, 1952, by dismantling from the Sovromconstrucții the shipyards from Galați, Brăila, Constanța and Turnu Severin. Its responsibility was the shipbuilding and repair of riverine and maritime vessels. It was liquidated on September 18, 1954.

[120] Sovromtransport was founded on July 19, 1945, by taking over a big part of the Romanian fleet, while the ships were taken by the USSR as war trophies for reparations, and later being included as the Soviet contribution for the new company. Its task was the transportation of goods and travelers on the Danube and the Black Sea. It was liquidated in September 1954.

[121] T.A.R.S. (Transporturile Aeriene Româno-Sovietice—Romanian-Soviet Air Transport) was founded in August 8, 1945, and exploited the entire Romanian air fleet, as well as the main airports of the country. Likewise, it operated the flights on international routes. It was liquidated in September 1954.

of these enterprises. The first urgent matter is the Sovromcărbune enterprise. A provision arrived just yesterday, stating that the Soviet engineer comrades who are heading these enterprises should hand over their functions to the delegates of our state. In this manner, the Ministry of Coal has already sent to Jiu Valley an adjunct minister to ensure reception and to Anina and Şotânga two directors were sent. At our request, the time limit for staying in our country was extended for two Soviet engineers. I don't think it is my place here to explain in depth the importance of these measures, and the fact that this represents new assistance given by the Soviet Union to our economy's development.

Gheorghe Gheorghiu-Dej: There are some people who would like to cause trouble in such times of change. One must be careful of this fact and unmask any attempt to disturb peace. The leaders of these enterprises must be in the drawer, in the Regional Bureau's safe; you must know them by name, meet them, talk to them, invite them to the Party's Regional Bureau, give them attention and support them, document them, so that they feel that the regional committee is very interested in their factory's fate.

Miron Constantinescu: Aside from Soviet–Romanian enterprises, there are two more categories of enterprises in our country. Some Soviet enterprises that belonged to states at war with the Soviet Union are now under the ownership of the Soviet Union, and other enterprises are led by Soviet comrades but are former Austrian enterprises, and until the peace [sic] treaty [with Austria] is formally concluded, these are not under Soviet ownership but led by Soviet comrades. These two categories of enterprises will take on a new form soon, namely the Soviet enterprises Teba-Mediaş, Sebeş, Adesgo-Bucureşti, and 7 Noiembrie will pass into textile industries, those of the Ministry of Light Industry. Regarding the formerly Austrian enterprises, an agreement between the two governments—Romanian and Soviet—states that these enterprises will further remain under Soviet leadership and Romanian administration. (...) As soon as these two resolutions are signed, probably in the month of March, then all the enterprises—be they actual Soviet enterprises or enterprises under Soviet control (since the peace [sic] treaty with Austria has not been completed)—will pass under Romanian administration.

Another issue discussed between the Soviet government and the Romanian government is the issue of some Romanian state enterprises leased to certain Sovroms. For example, the enterprise Refinery No. 4 Telejean, some naval shipyards, the Câmpina Refinery, which were part

of the Sovrom system, but were under not Sovrom ownership, but Romanian ownership. [...] For those Sovroms passing to the Romanian state, the enterprises leased out to them will be returned as state enterprises. For those Sovroms that will continue their activity as Soviet–Romanian enterprises—Sovrompetrol, Sovromutilajpetrolifer, Sovromnaval, TARS, Sovromtransport—in the case of these five Sovroms, the enterprises leased by the Romanian state to them will pass into the ownership of the Sovroms, meaning that the enterprises will be purchased by the Sovroms. The Romanian side will bring as its contribution half of the respective enterprises' value, and the Soviet side will purchase half of the respective enterprises' value. The leased enterprises are in Sovrompetrol, Sovromtransport, and Sovromnaval. Likewise, the port facilities are leased out to Sovromtransport (S.R.T.) Brăila, Galați, etc. Their status will be solved by their passing to the Romanian state, meaning S.R.T. will utilize them as each and every navigation company, and pay their respective transport. Similarly, the port facilities bought by the S.R.T. in recent years, either credited as mutual contributions to S.R.T., or bought by S.R.T. with its own funds and which are currently present in our country, will be bought by the Romanian state. The reason for these measures is to ensure a single administration in the respective ports. All port facilities in the ports of Galați and Brăila will be under a single administration. For this reason, the facilities belonging to the S.R.T. or leased by the S.R.T. will pass to the Romanian state, and the state will lease them according to the tariff rates.

Source: ANIC, fond CC al PCR—Cancelarie, dosar nr. 20/1953, ff. 1–6.

HUNGARY

DOCUMENT No. 25:

Letter by the Archbishop of Szatmár to the Apostolic Nuncio on Soviet Deportations from Hungarian Territory

January 25, 1945

The penetration of Soviet forces into the Carpathian Basin enabled the Soviets to exploit Hungary's material and human resources.

Any survey of the deportations from Hungary is made difficult by the fact that both the manner of gathering prisoners and the circle of those ordering and carrying out the deportation changed by period and by region, as did the composition of the victims. On the whole, three forms of Soviet prisoner-gathering campaigns may be usefully distinguished.

Cases described in reminiscences and contemporary documents indicate that soon after capturing a given settlement—often within days—the Soviets would round up and deport part of the working-age civilian population.

Deportations sporadically followed the localized battles in the territories that belonged to Hungary during World War II and were later annexed by the neighboring countries—primarily in Subcarpathian Ruthenia, incorporated by the Soviet Union, and its broader region. There were also prisoner-gathering campaigns designed not merely to increase the number of future forced laborers but to "pacify" and change the ethnic profile of the given region.

The third type of deportation occurred as part of a campaign that can be precisely defined in time and extended to all of Eastern Europe.

According to the directive issued by the State Defense Council on December 16, 1944, deportation and forced labor in the Soviet Union awaited all able-bodied ethnic German males between the ages of 17 and 45 residing in the territory of Romania, Yugoslavia, Hungary, Bulgaria, and Czechoslovakia, as well as women of working age between 18 and 30 years old.

This campaign was directed against the ethnic Germans, but most of those deported from Hungary as "Germans" did not even speak German as their mother tongue, and both the Soviet agents and their Hungarian assistants were aware of this.

The mobilization of the "Germans" commenced in the southern areas of the country, in Somogy, Baranya, Békés, and Szatmár counties largely all at once, in late December 1944. In general it was the members of the local administration who had to compile the list of those ordered to appear for "public works" on orders from the evacuated NKVD detachment. But the ultimate decision was in

the hands of the local NKVD officers, who interpreted German national affiliation in the broadest terms possible. Indeed, alongside the ethnic Germans very often Hungarians were also "mobilized."

The following report by János Scheffler, bishop of Szatmár, describes the deportations that occurred in Szatmár County. After 1918 about two-thirds of the county's territory, which previously had belonged only to Hungary, ended up in Romania, and a small part in Czechoslovakia. After the Second Vienna Award in 1940, the entire county once again became part of Hungary. In the fall of 1944, after the region's occupation by the Soviets, a Romanian and later a provisional Soviet military administration was introduced into that part of Szatmár County that had previously belonged to Romania. The bishop's report confirms the practice, known also from recollections, eyewitness accounts, and other documents, in which not only ethnic Germans but also inhabitants who declared themselves to be Hungarian were deported en masse from Northern Transylvania. In the eyes of the local authorities compiling the deportation lists, belonging to the Catholic Church served as evidence of German origin, despite the fact that most Catholics were of Hungarian nationality. The partial deportation of the Catholics therefore affected the Hungarians significantly. The deportation of part of the ethnic German and Hungarian working-age population was in alignment with Romanian ambitions aimed at removing and/or weakening the nationalities.

Your Most Reverend Excellency, Archbishop and Apostolic Nuncio![1]

It is with a heavy heart that I inform Your Excellency of the difficult fate of my flock of Szatmár County, who have been forcibly uprooted, taken to a reception camp in the former Czechoslovak area, or persecuted by the Romanian authorities. Perhaps it will be possible for Your Excellency—

[1] Angelo Rotta (1872–1965): papal (apostolic) nuncio in Budapest, 1930–1945. During World War II he was the dean of the diplomatic corps and a guiding force behind the diplomatic campaigns to save the Jews in 1944. After the German occupation of Hungary on March 19, 1944, he personally lodged protests on several occasions with Hungarian secular and ecclesiastic leaders against the labeling of the Jews, the ghettoizations, and the deportations. In his reports he informed the Vatican in detail about conditions in Hungary and urged Pius XII to take action. At the time of the Arrow Cross regime, he provided thousands of Jews with Vatican letters of safe conduct and placed several apartment houses under Vatican protection. On April 4, 1945, at Soviet insistence, the Allied Control Commission expelled him from Hungary. On his activity, see Margit Beke, "Angelo Rotta apostoli nuncius (1930–1945). (Hazai források alapján) [Apostolic Nuncio Angelo Rotta (1930–1945). (On the Basis of Domestic Sources)], *Magyar Egyháztörténeti Évkönyv* 1 (1994).

knowing your kind heart—with the benign influence of the Apostolic Holy See to effect some solution.

1. Forced resettlement.

In this region several thousand persons have been registered and transported to Russia so that—as the military authorities stated to me when I interceded on their behalf—they might work there to repair the damages caused by the enemy troops. Even if this can be understood in the spirit of retribution, it can hardly be prevented. But even comprehending this, it stands in diametrical opposition to justice and fairness that almost all of those taken away and to be taken away are recruited from among our Latin-rite Catholic faithful. Around the town of Nagykároly [Carei] and Erdőd [Ardud], there are approximately 25–30 municipalities that are either entirely or mostly Catholic. From these villages and the town of Nagykároly itself, those among our faithful of both sexes between the ages of 17 and 45 have been registered and have either already been taken away or are about to be.[2] The same holds true for very many, almost exclusively Catholic, Hungarians from Szatmár. Others, be they Greek Catholics, Protestants, or Jews, are rarely or never taken away.

It is true that those of the aforementioned villages who have been taken away or are to be taken away are largely of German origin. But 1) they moved to Hungary as early as circa 1711; 2) during this lengthy time, as a result of the goodwill of the Hungarian authorities, by force of natural assimilation and by upbringing, they have become Hungarians both in language and soul; 3) most no longer even speak German and have also adopted Hungarian names; 4) during the period of Romanian rule (between 1920 and 1940), the Romanian government [tried] with all its might and cunning to force them to take back and re-learn their German language: no force, however, was able to make them do this, and for this they had to endure cruel suffering—after 1940, when the Romanian government was trying eagerly to please triumphant Germany, a department head in the

[2] Resolution No. 7161 of the State Defense Committee of the Soviet Union (December 16, 1944) decreed the mobilization of the able-bodied German population residing on the territory of Romania, Yugoslavia, Hungary, Bulgaria, and Czechoslovakia occupied by the Red Army—men between the ages of 17 and 45, women between 18 and 30 years of age. The internees were meant to be used primarily in restoration work for coal mining in the Donets Coal Basin and iron metallurgy. The text of the resolution appears in T.V. Volokitina et al., eds., *Sovetskii faktor v Vostochnoi Evrope 1944–1953. Vol. I, 1944–1948. Dokumenty*. (Moscow: ROSSPEN, 1999), 116–118.

Ministry of Education, the Greek Catholic priest Zeno Paclişeanu, discussed this question in the Romanian Academy, and he reproached the people and their priests for not wanting to become Germans again; and now, probably at the urging of precisely the Romanians, these same people are punished and taken away as Germans; 5) German propaganda tried everything to drive these believers into their Volksbund, but without noteworthy result in most localities. The members of this association fled with the German army; it was the innocent who remained here, and now they are unjustly punished as Germans.

Many—and almost all Catholics—and of Hungarian origin—have been taken away from other villages as well. This is what happened to the pure Hungarian Catholics of the municipality of Érmindszent, along with their Hungarian pastor, László Lengyel. In this entire region there is only a single municipality from which Greek Catholics and Protestants have also been sent away along with the Catholics: Szaniszló [Sanislău].

Many suspect that the returned Jews are also taking part in this activity.

Beyond this, it also seems heartless to take away: 1. women, particularly girls aged 17–20; 2. boys and girls in secondary school who would complete their studies in the current or the next year; 3. mothers who have left behind a number of children and some of whom were taken away along with their husbands; 4. the sick. Many fall into this latter category.

Among those taken away, thus far there have been nine priests:

Ferenc Melau, parish priest of Nagybánya [Baia Mare] (Diocese of Szatmár); Fr. Ernő Gruber, Minorite prior of Nagybánya; Ferenc Monostori, parish priest of Nagymadarász [Mădăraş]; Fr. Gellért Semptei, Salvatorian parish priest of Nagykároly [Carei]; Károly Franczen, parish priest of Aporháza; Fr. Elzear Simon, Franciscan chaplain of Csomaköz [Ciumeşti]; from the Diocese of Nagyvárad [Oradea]: László Lengyel, parish priest of Érmindszent; Antal Baumgartner, curate of Székelyhíd [Săcueni]; and Péter Kühne, parish priest of Bodonos [Budoi]. In addition, another four seminarians: Lajos Láng, ordinand of Gilvács [Ghilvaci]; János Szeibel, ordinand of Gilvács; and novices István Homoki of Vállaj and Károly Barna of Erdőd [Ardud].

It would have been desirable for pastors to escort the believers, and—if the former had not been taken away by force—others would then have accompanied them voluntarily. But the number of those taken away is greater than is necessary; and it is to be feared that still others will be taken away, which would be disastrous for the faithful. Our faithful live in constant terror, and their fear that there will be even more forced removals is

not groundless. We may fear that other priests will also be forcibly taken away. Indeed, now rumor also has it that young children, too, are also being rounded up and taken away.

2. The reception camp.

In the northern part of the diocese, which between 1919 and 1938 belonged to Czechoslovakia, almost every Hungarian male has been taken away and placed in the camp located in the municipality of Szolyva (near Munkács). There they have been subjected to inhuman treatment for approximately two months, and many are perishing or have already perished from hunger and cold. Their only crime is that they are of Hungarian origin. If only the Apostolic Holy See could intercede on behalf of these unfortunate souls!

3. Persecutions by the Romanians:

are nearly everyday occurrences in the ethnically mixed villages. By night armed Romanians dressed in military uniforms break into the houses of our faithful, terrorize, savagely beat and rob them. And there is no redress. The faithful and their pastors complain about this bitterly.

Indeed, in the first days of the Russian occupation, the soldiers of the Romanian army, without the slightest reason, rounded up several hundred men, took them away and—we hear—are holding them captive. Concerning this I hereby attach the report by Lajos Czumbel, canon of the cathedral of Szatmár.

I consider all these things to be communicated to Your Excellency in full confidence, with the most humble request that you intercede with the competent authorities.

I remain commended to Your Excellency's esteemed graces and devout prayers.

Signature: János Scheffler[3]

Source: MNL-OL, XIX-J-1-q, KÜM HDFO. Box 1, 25168/1945.

[3] Dr. János Scheffler (1887–1952) was named bishop of Szatmár County by Pope Pius XII in 1942. In January 1945 he spoke out against the deportation of thousands of men and women, partly of Swabian origin, by the entering Soviet and Romanian troops. He refused to turn against the Vatican despite the pressure of the Romanian government, and on March 19, 1952, he was arrested and sent to the prison in Jilava , where he soon died from the torture he suffered. In 2011 Pope Benedict XVI beatified him.

DOCUMENT No. 26:

Letter by the Lord Lieutenant of Szabolcs and Ung Counties to the Minister of Interior on the Roundup of Civilians

January 25, 1945

*The events linked to the deportation of the "Germans," as well as the manner in which the population was selected, all indicate that the Soviet Interior Ministry troops had to assemble contingents of prisoners broken down by territory and transport them to the Soviet Union. If the contingent could not be filled with ethnic Germans, then Hungarians with German names and finally those with Hungarian names were rounded up. On the pretext of rounding up the Germans, an especially large number of Hungarians were taken away from Szabolcs County, situated in the northeastern part of the country. From the account commissioned by the lord lieutenant (*főispán*) of the county, we gain an accurate and reliable picture of how the deportation took place in a given region. It was the terrorized leaders of the settlements who had to compile the list of the working-age men and women. The rounding-up of a part of the civilian population took place on the basis of the prepared lists.*

The document also reveals that the Soviet units themselves took part directly in the deportation of the working-age "Germans." Nor were pregnant mothers spared. Moreover, the document shows that the local representatives of the Hungarian administration, which was at the mercy of the occupying authorities, and the county leaders watched the deportations taking place in their settlements in complete disbelief and confusion.

The chief constable of the lower district of Dada in his report today informed me that in the localities of the lower district of Dada beyond the Tisza, there appeared a Soviet lieutenant with a team of about six men in the municipality of Tiszatardos, summoning the magistrates of the municipalities of the Taktaköz area, and ordered the registration of men and women between the ages of 16 and 65.

On January 22 the chief constable of the district went over to Tiszatardos, where he sought out the aforementioned commander. The latter disclosed to him in confidence that he was the representative of the secret service and that his authority extended to the territory of the entire county and also disclosed that he would brief the chief constable the next day about the purpose of his coming and what he had seen. This briefing did not take place.

In the meantime the notary of Rakamaz municipality personally reported yesterday that the Russian military unit that appeared in the municipality had registered and rounded up 830 individuals, some men and some women. Likewise, yesterday I received a report from the municipality of Tímár to the effect that 120 individuals, likewise a mix of men and women, were assembled there. Finally, this morning, the organizer of the National Peasant Party, Barna Kovács, who was staying in the Taktaköz area, sought me out and reported that from the municipalities of Tiszaladány, Báj, Tardos, and Csobaj, around 100 individuals each, between the ages of 15 and 48, were likewise registered and rounded up, including expectant mothers and those with small children as well.

The lord lieutenant and government commissioner, Dr. János Erőss,[4] who was entrusted with handling these matters, is currently in Ungvár and Szolyva on official business and therefore is unable to take action in this matter.

[4] János Erőss (1889–1962): Smallholder politician. During World War II he took part in the anti-fascist resistance. After October 31, 1944, the Soviet authorities assigned him to temporarily oversee the duties of Lord Lieutenant of Szabolcs County. From December 19, 1944, to early May 1945, he was chairman of the Szabolcs County National Committee. On December 19, 1944, he was chosen to be a deputy in the Provisional National Assembly. From January 4 to October 27, 1945, he served as lord lieutenant (*főispán*) of Szabolcs and Ung counties and later (January 27–late April, 1945) of the temporarily united Szatmár, Bereg, and Ugocsa counties. From August 11, 1945, on, he was chairman of the SHP organization in Szabolcs County; beginning on August 20 he was a member of the national executive committee. From November 4, 1945, on he was a deputy in the National Assembly and later Parliament for the Szabolcs and Szatmár-Bereg County electoral districts. From December 1945 to March 1946, he was national party director. From February 23 to November 20, 1946, he occupied the post of chairman of the Reparations Office, while on April 18, 1946, he received the title of state under-secretary. From November 20, 1946, to September 24, 1947, he was minister for public supplies in the governments of Ferenc Nagy and Lajos Dinnyés. In 1946–1947 he was a board member of the National Center of Consumer Cooperatives. After the leftist turn that took place in the Smallholder leadership in early June 1947, he turned against the Dobi-Gyöngyösi wing and became one of the leaders of the right wing. After March 1948 he withdrew from political life, then illegally departed for Italy, for which the SHP Political Committee expelled him from the party at its April 15, 1948, session. On November 17, 1948, his mandate was officially terminated as well. In May 1948 he traveled to the United States. In the spring of 1955, he became a member of the Hungarian National Committee, but he did not take part in émigré politics. In the early 1950s he was editor of *Amerikai Magyarság* and later, for a long time, a part-owner of the paper.

Under the circumstances, I feel it is my duty to report urgently what has been observed and to request, for the sake of the population of Szabolcs County, the Interior Minister's immediate and effective assistance, if possible.

Finally I also report that this campaign does not and cannot bear any relation to the round-up of the population of German origin. For although, in the aforementioned municipalities, very many in the population in Rakamaz have German names, who nevertheless, settled in the area centuries ago, in the other municipalities German family names are quite rare, and almost all those rounded up also have Hungarian names, and thus that they belong to the Hungarian race cannot even be called into doubt.

Signature: [notary]

Source: MNL OL, XIX-J-1-q, KÜM HDFO. Box 2, 25450/1945.

DOCUMENT No. 27:

Letter to the Foreign Ministry on Behalf of an Individual Deported by the Soviets

Undated [1945]

Immediately after World War II, various Jewish organizations in Hungary put the number of Hungarian Jews who ended up in Soviet captivity at 20,000–30,000.

Beginning in 1939, the Jews in Hungary were not allowed to perform armed service; thus they ended up being transported to the Eastern Front as forced laborers or as conscripts into labor batallions. The overwhelming majority of Hungarian Jews who fell into Soviet captivity did so as members of labor batallions, the bulk of them in 1943. At the same time, in the "Keressük" [We Are Seeking] columns of newspapers after the war, numerous people inquired about family members who had left concentration camps for home but had fallen into Soviet captivity on the way. In the contemporary press, accounts also appeared stating that numerous Hungarian Jews had been transported from the concentration camp directly to the Soviet Union. The following letter, written to the Hungarian Foreign Ministry, also demonstrates that many of the inmates liberated at Auschwitz were treated by the liberators as prisoners and taken to the Soviet Union. In Soviet captivity they were treated the same way as the actual prisoners of war. They performed forced labor, and their brigade leader was often a German prisoner of war.

I, the undersigned Kálmán Bárdi, resident at 17 Szövetség Street, VII District, myself a deportee, a member of the Social Democratic Party and a master engraver, turn to you with the humble request that you kindly intercede in the matter of my son's return home.

My son Tamás Bárdi is 22 years old and ended up in the death camp at Auschwitz as a deportee in a labor brigade. From there he escaped, and the Russians took him out of the country along with 480 Hungarian Jews. On April 1 this transport was heading via Katowice and Krakow towards Czernowitz (Chernivtsi).

My son suffered greatly in the Auschwitz death camp, because he was assigned to a group and was the only one in the group to escape.

Repeating my request, I remain

Most humbly,

Signed: Kálmán Bárdi

Source: MNL OL, XIX-J-1-q, KÜM HDFO. Box 56, 28256/1945.

DOCUMENT No. 28:

Letter to the Foreign Ministry regarding the Soviet Deportation of Civilians

Undated [1945]

Surveying the deportations is made difficult by the fact that the manner of gathering prisoners, the circle of those ordering and carrying out the deportation, and the composition of the victims all changed depending on the period and the region. In numerous settlements the various waves of prisoner round-ups struck not consecutively but all at once.

It was a general practice that, following the occupation of a large locality, some of the working-age male population were dragged from their homes and arrested or ordered to appear for public work. After completing the work, or instead of it, the rounded-up prisoners were marched to reception camps in Hungary, and from there they were transported to camps in the Soviet Union. The largest number of civilians was deported from Budapest. After each street and block was taken, a round-up of the apparently able-bodied men taking cover in the shelters immediately commenced. The arrests and deportations continued after the occupation of the city as well. Between December 1944 and April 1945, the number of those taken away from the capital based on various Soviet military reports may be put at 50,000–100,000 persons. Parallel to the prisoner-gathering campaign linked to military operations, the deportation of the ethnic "Germans" proceeded in Budapest and its vicinity, including Pestszenterzsébet. Thousands of men and women living in Budapest and in the settlements near the capital ended up in "military captivity." Among those deported were many boys and girls under the age of 18 as well. From the accounts and the lists of deportees, it may be concluded that in Budapest and its environs, as in numerous other settlements in the country, the Soviet authorities regarded those who had German or German-sounding names to be of German descent.

After the war, on the governmental level it was the Hungarian Foreign Ministry and its War Prisoners Department, which were in contact with the Soviet government and its representatives in Hungary that dealt with the deportees' cases and promoted their repatriation. The relatives of the deportees turned to the Foreign Ministry in hundreds of thousands of petitions and letters, recounting the circumstances of the deportations and requesting help in initiating repatriations. The Hungarian Foreign Ministry requested from the Soviet government the return of deportees mentioned in the received petitions and letters

as a rule in notes verbales. In practice, the Hungarian government was unable to accelerate the process of returning the prisoners; the fate of the deportees depended exclusively on the Soviet leadership. The hundreds of thousands of petitions and eyewitness accounts coming in to the War Prisoners Department, however, are unique historical sources on the prisoner-gathering campaigns carried out by the Soviet troops. The following letter reports on a deportation affecting more than 2,000 people carried out in Pestszenterzsébet, located near Budapest and today a part of the capital. The truth of the mass deportation is also confirmed by several hundred other accounts arriving from the settlement. The description reveals that Hungarian "police" appointed by the Soviet occupying authorities also took part in rounding up the "Germans." Round-up campaigns of similar scope took place in Sashalom, Érd, Rákosszentmihály, Pestszentimre, Pestszentlőrinc, and Soroksár, all likewise located near Budapest.

I, the undersigned, take the liberty of turning to the Hungarian Foreign Ministry with my request below. On January 14 of this year in Pestszenterzsébet, 2,100 civilian inhabitants, among them those listed on the reverse, together with my husband were rounded up by the local deputies wearing armbands, allegedly because of their foreign-sounding names. Then on January 30 they were placed in railroad cars at the upper train station in Kőbánya.

I ask that you inquire where our loved ones have been sent; we would like to know their fate, we would like to be reassured of their situation. I take the liberty of hoping for your goodwill, to reassure the greatly suffering mothers, wives, and children of the situation of the family breadwinner, brother, father.

Repeating my request, also on behalf of those listed on the reverse, I remain

Respectfully yours,

Signed: Mrs. János Polauer

Source: MNL OL, XIX-J-1-q, KÜM HDFO. Box 91, 142932/1945.

DOCUMENT No. 29:

Report to the Sixth Hungarian Army Headquarters on Soviet Deportations

May 24, 1945

The number of Hungarian soldiers who fell into Soviet captivity in Hungary and, because of the general retreat, in Germany, Austria, and Czechoslovakia may be put at 350,000. The transport of the prisoners in reception camps to the Soviet Union lasted from the beginning of 1945 to the end of the summer. As a rule the prisoners were rounded up on the pretext of various misleading measures (e.g., public work). While being loaded onto railway cars and transported, they learned, to their astonishment, that what awaited them was not work in Hungary but a Soviet forced labor camp. Military captivity particularly embittered those soldiers who had been armed and voluntarily surrendered because they believed the promise in Soviet leaflets that, if they did so, they would be permitted to leave freely at war's end.

While being transported, the prisoners were able to give word of their fate on slips thrown out of the wagons. Those who found these signs of life (often railway workers) forwarded them to the relatives. Because of the important and confidential information they disclosed, the two letters below were handed over to the Sixth Hungarian Army District Command in Debrecen by employees of the Hungarian State Railways. The Ministry of Defense sent the text on the slips, now typed out, to the War Prisoner Department of the Foreign Ministry for purposes of information and taking further action. The attached cover letter also reports on how the prisoners were loaded on cars and transported.

I report that the attached letter received from prisoners was handed in by the traffic manager's officer of the MÁV (Hungarian State Railways) station in Karcag. The station master recounted how the Hungarian prisoners of war, transported in locked wagons, were beaten with rifle butts by the Russian soldiers in the station as well, and it was not permitted to give water to the thirsty soldiers either. I forward the two attached letters for possible further action.

Annex I.

HUNGARIANS!

Inform everyone, including the Hungarian government, that 12,000 Hungarian soldiers and officers are being taken out of the country to Russia. Behind us several hundred thousand more Hungarian prisoners of war are being sent on their way thus, so that your sons, husbands, and brothers might never return. We gave ourselves up voluntarily because we did not want to fight for Germany, and now, instead of our promised return home, we are being dragged off to Russia as "prisoners of war" after the armistice (we departed from the camp in Bratislava on May 17). Pass this news on to everyone and do not resign yourselves to it, for our sake and your own!— Imprisoned Hungarian soldiers are being taken in locked railway carriages. Direction at present is the Romanian town of Focşani.

The copy is authentic:

Signature: [unsigned]

Annex II.

Undated [1945]

I ask whoever finds these lines to inform Mrs. Gyula Zayzon, resident of Sepsibodok, that Zolti is alive and probably being taken through Romania. If possible, I will give a sign that I'm alive. From the camp at Bratislava, 10,000 enlisted men and 250 officers are now being taken to an unknown location, most likely without the knowledge of the Hungarian government. These facts may not be written via the post; if you inform her on a postcard, write only what I have underlined with a double line.

Signature: [unsigned]

Source: MNL OL, XIX-J-1-q-136352/1945 (Box 70).

DOCUMENT No. 30:

Note regarding Soviet Removal of United Incandescent Bulb and Electrical Company

June 22, 1945

As in Germany and Austria, the arbitrary dismantling of industrial plants not only caused enormous damage to the local economy but also impeded production needed for reparations. In certain cases the occupying Soviet authorities could not be stopped from appropriating certain factories, even when the Hungarian government pointed out that the plants were producing articles intended as reparations for the Soviet Union. A case in point was the Hungarian State Iron, Steel, and Machine Works (Magyar Vas-, Acél- és Gépgyárak) in Miskolc, which manufactured locomotives and other machinery intended for the Soviet Union. Neither this nor the Hungarian government's repeated diplomatic efforts, nor the fact that the factory's workers were communists was enough to spare it from the depredations of the Soviet trophy brigade. The dismantling of the factory's equipment put 5,000 workers out on the street. The dismantling had been started by the Germans but was continued by the Soviets. The Soviets took away, to a lesser or greater extent, some 100 factories. These included the pride of Hungarian industry, the United Incandescent Bulb, known as Tungsram. Tungsram was owned in part by American interests. Its dismantlement began on March 28, 1945, under the direction of Soviet general Galdin. It took eight weeks to ship the 600–700 wagons of equipment and goods. Fully 96 percent of the factory's production capacity and half of its light bulb inventory were carried off. Three-quarters of the raw material supplies of the factory in Újpest and 90 percent of the raw materials and supply of unfinished goods from the warehouses in Tárnok were loaded onto the wagons bound for the Soviet Union. The total value of the materials thus plundered was estimated at 11–12 million dollars, that is, nearly six percent of Hungary's reparations obligation. Despite the Hungarian government's repeated requests, Moscow was unwilling to include this as part of the reparations payment. The American government sent four notes to the Soviet Union regarding the Tungsram case but did not receive a single response. At the intervention of General William S. Key, the U.S. representative on the ACC, the Soviets at first gave an evasive answer. Later on, however, they were forced to acknowledge that Tungsram was not included on the reparations list but had been acquired as a war trophy, since it possessed materials that the Soviet High Command badly needed. What happened to Tungsram was not an isolated inci-

dent, and for this reason in June 1945 the Hungarian government asked the ACC to halt the dismantling and shipment of the equipment of the factories and other production units. The Hungarian Ministry of Foreign Affairs pointed out that the dismantling of industrial objects was causing serious burdens for the economy. Therefore the Hungarian government demanded in the strongest possible terms that the Soviet army forbid the dismantling and/or shipment of industrial plants, finished products, raw materials, and other products not included in the reparations agreement. It also asked that the Soviet Union return those goods that it had removed but that, on the basis of international law, could not be regarded as war booty and did not count as reparations. Since the government received no reply, Prime Minister Ferenc Nagy personally sought out Voroshilov to reiterate the above request, but to no avail.

We do not have even an approximate picture of the equipment and inventories that the Soviets dismantled and shipped in part or in whole as war booty. These included, for instance, Felten and Guillaume Cable and Wire Ltd. Its value was estimated at 6 million dollars, and its dismantling impeded the fulfillment of reparations shipments. Of the more significant representatives of Hungarian industry, a similar fate befell the Hungarian Optical Works (Magyar Optikai Művek), Goldberg and Son Textile Works (Goldberg és Fia Textilgyár), Ganz and Associate (Ganz és Társa), the Danubian Aircraft Works (Dunai Repülőgépgyár), the Hungarian Precision Mechanical Works (Magyar Finommechanikai Művek), and the Manfréd Weiss Canning Plant (Weiss Manfréd Konzervgyár). Part of the latter's equipment had been carted off by the Germans in 1944, but they did not have time to take it out of the country. The wagons, laden with machinery, were left abandoned on the tracks and ended up in the hands of the Soviets. However, they allowed the valuable but uncovered equipment to continue to rust. Three hundred Soviet soldiers and 50 workers loaded the 1,200 tons of equipment of the country's largest paper factory, Neményi. There were factories that, although not dismantled, had their inventories shipped away. These included the Hofherr and Schrantz Hungarian Wagon and Machine Factory Co. Often the Hungarian government only learned that a factory had been dismantled after the fact, when nothing could be done about it. In 1950 there were still 220 Hungarian locomotives originally removed by such detachments located on Czechoslovak territory. Obviously, it is impossible to calculate the total damage the arbitrary actions of the Soviet occupying troops may have caused. To mention only one case of many, by March 1947 Soviet troops had removed from the forest economy wood materials valued at some 62.5 million forints.

The last member of the Russian military committee dismantling our factory departed from our plant on the eighth of this month. At this time we wish to provide a brief overview.[5]

Our plant in Újpest was included on the list, dated February 15, that the Hungarian government received from the Russians concerning those services that the Russians desired as reparations. We learned of this only in the last third of March.

Starting from the Russian entry [into Hungary], we manufactured radio tubes for the Russians right up until March 28. Our Russian commander at that time and his superiors—including two generals—demanded the production of greater and greater quantities up until the very last minute, assuring us that for their part no obstacle of any kind would be placed in our way.

On March 28 our Russian military commander at that time introduced Colonel Galdin and a lot of officers by saying that they had come on a special mission.

Colonel Galdin declared that on orders from above, he would dismantle and ship our factory. He would assume command over the factory immediately and with a few hundred soldiers would occupy the factory at once. He asked the factory management to make experts available for professionally dismantling and packing up the factory. He promised that a list would be compiled of every object, and at the same time we, too, could prepare a list of the objects handed over, based on which the accounts would be settled.

A couple of days later Colonel Galdin arranged a meeting at which one of the members of the Control Commission—an accountant [named] Sobow—also participated. At this time they stipulated a form with 25 headings for itemizing the objects taken away; the headings referred to the percentage of wear, the value of each item, and their worth as recorded on the balance sheet, etc. Regarding wear and tear and obsolescence, the instructions were that our experts would agree with the Russian officers dismantling [the plant], and if they could not come to an agreement, then the higher authorities would decide. We were told that the valuation of the objects would be in 1938 prices and either in pengős or dollars, whichever we preferred.

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[5] For the history of the United Incandescent Bulb Company after World War II, see Ákos Koroknai, ed., *A Tungsram Rt. története 1896–1996* [The History of Tungsram Rt., 1896–1996] (Aschner Lipót Alapítvány, 2004), 67–69.

The dismantlement lasted eight weeks and the objects removed were shipped in 600–700 railroad cars. Removed were:

1) 96 percent of our equipment in Újpest
2) 50 percent of our light bulb stock
3) 75 percent of our stock of raw materials
4) 100 percent of the 130 crates of lamps stored in our relocated warehouse in Tárnok
5) 90 percent of our stock of raw materials and semi-finished goods relocated to Tárnok
6) 100 percent of our krypton gas factory in Ajka
7) approx. 25,000 radio tubes.

(On the last item, we note that already under our former commander, approx. three-quarters of our radio tube stock, approx. 300,000, and more than 1 million lightbulbs were taken away on behalf of the trophy detachment. Moreover, the entire stock of radio tubes—more than 100,000—in our office in the city was removed: Budapest, VI District, 11 Eötvös Street).

The Russians looked over our lists of the items dismantled or shipped off by the Galdin group. Colonel Galdin revised the lists mainly along two lines: with regard to the quantity and specification of the machines and goods shipped off, and with respect to the percentage of wear. Mr. Galdin announced that we would sign the lists jointly, should we agree on the above-mentioned items; if there was no agreement, his list and our list would go out separately. At the time the lists were handed over, Mr. Galdin stated that with regard to certain percentages of wear, he did not know for sure whether his men had reached an agreement with our men (the officers in question had departed in the meantime), and therefore Mr. Galdin said that his signature would not apply to wear but only to the quantity and specification of the objects received. In accordance with his wish, we divided the papers filled out and signed by us into four groups:

Group 1 consisted of those items for which we agreed with respect to the quantity and specification of the removed objects. In this group we recorded the removed lightbulbs in a quantity of 3,860,000, after we had accepted the Russian figure, even though according to our records approximately 4,200,000 were removed.

Group 2 consisted of those machines, raw materials, semi-finished products, and finished products that in our opinion the Russians had taken away, but which they either claimed not to have taken away, or whose quantity they could not verify because, at the time of shipment, they had not

weighed or counted the removed objects. The latter applied to raw materials, diamonds necessary for wire-drawing, tools, and fluorescent tubes and their spare parts, as well as the auxiliary machines housed in the workshops and machine depots of the plant. Galdin and his men promised that precisely what kinds and quantities of raw material and semi-finished products had arrived would be established, and we would receive a precise list of this from Moscow. We assume that this promise would apply to those machines that according to us had been shipped but which did not appear on the Russian list. Regarding the tools, Mr. Galdin promised that he would state from Moscow the percentage that we could add to the value of the equipment because of the removed tools. In their view it is not customary to record the number of tools on a separate list; the Russian procedure is instead to determine what percentage in a similar factory would correspond to the tools, and it is this percentage they would pay, without regard to whether more or fewer tools were shipped from our factory.

To Group 3 belonged our warehouse in Tárnok. Although a precise Russian list of the machines in Tárnok was also prepared, Mr. Galdin nevertheless did not want to sign the list we had prepared, because the Russian officer in question had already departed with the Russian list. The same thing that applies to the raw materials in Újpest mentioned in Group 2 applies to the raw materials removed from Tárnok.

The krypton gas factory in Ajka belongs to Group 4.

A summary specification of goods was prepared for each group. Mr. Galdin signed the specifications for Groups 1 and 4 with the text: "I certify that the specification and quantity of the equipment removed tallies with the list compiled by me regarding this. Colonel Galdin." We enclose here a selection of these consignments; the relevant several hundred pages of details are available to the Ministry.

The value of the objects removed—calculated in 1938 prices—is approx. 12 million dollars.

As can be seen from the above, throughout the dismantling, not for a minute did we have reason to doubt that the removed goods would count towards reparations, and thus it is understandable how surprised we were by their notification that the Russians are of a different opinion in this regard. We hope that the Hungarian government will be able to arrange for this great value to be included in the reparations.

Most respectfully,

MNL-OL KÜM SZU TÜK XIX-J-1-j IV-536 (Box 30.)

DOCUMENT No. 31:

Memorandum by the Allied Control Commission regarding Provisions for the Red Army for the Fourth Quarter of 1945

Undated [1945]

The Soviet Union placed on Hungary the onus of fully provisioning the occupying Red Army, the total number of whom was kept strictly confidential from the Hungarian authorities. Hungary had to feed the occupying army, supply it with industrial goods and utility services (water, gas, and electricity), provide railway transportation, and make telecommunication devices available. The Hungarian treasury also had to take care of the Soviet soldiers' pay as well. All this took place despite the fact that Article 11 of the Armistice Agreement obligated Hungary to supply only the Allied (Soviet) High Command as well as the Allied missions operating within the ACC; thus supplying the occupying Soviet army could not have been stipulated legally. In his 1945 memorandum prepared for the ACC, Foreign Minister János Gyöngyösi wrote that supplying the Red Army had almost exhausted Hungarian food reserves. The value of the foodstuffs made available to the Soviet armed forces during the months of April, May, and June reached one-and-a-half billion pengős. In the second, third, and fourth quarters of 1945, 64,500 tons of flour, 23,000 tons of beef, 91,000 tons of oats, and 175,000 tons of hay were earmarked for the Soviet army, which would have severely disrupted public supply even if the Soviets had been willing to pay for it; there was never, however, any question of this. And this is not to mention the 52 tons of candy for the "non-smokers," 25,000 zinc-coated buckets, sour cream, cottage cheese, milk, sugar, matches, tobacco, ground pepper, and other products featured on a Soviet wish list for a three-month period. For the last quarter of this same year, the Soviets also demanded 40,000 tons of coal and 25,000 cubic meters of wood, even though there were grave shortages of both. According to a contemporary estimate by the Ministry of Finance, in the one year following April 1945, the Hungarian state spent a sum equivalent to 13,489.7 kilograms of 14-carat gold on reparations payments, and 4,089.3 kilograms on supplying the Red Army. To this was added a sum equaling 2,028 kilograms of identical-weight gold used by the Allied Control Commission. We can form a more accurate picture of the expenses of the Red Army in the period between August 1946 and September 1947, when, according to a balance sheet prepared by the Ministry of Finance, the Hungarian state paid out 511.295 million forints for supplying the Soviet army. Of this, industrial supplies cost some

48.3 million forints, food provisions 97.2 million forints, public subsidies provided in connection with quartering the Red Army 5.8 million forints, transportation 200.3 million forints, telecommunications services 40.3 million forints, and the cash supply for the Soviet army occupying Hungary 119 million forints. Given that the total number of Soviet armed forces stationed in Hungary was reduced from the previous period, it may be presumed that between April 1945 and August 1946, the Hungarian budget spent proportionately at least this amount (16 times 37.8 million, the monthly average of the aforementioned 511 million forints). In other words, the cost of maintaining the Red Army in essence doubled the officially established reparations obligation per annum in this period.

The Allied Control Commission in Hungary under number 1.041 disclosed the list of foodstuffs demanded for provisioning the units of the Red Army located in the territory of Hungary for the fourth quarter of 1945.

The quantities demanded for the fourth quarter substantially exceed the quantities delivered in the previous two quarters. Regarding this, Russian officials made statements to the effect that in the more important foodstuffs, not only the fourth-quarter supply but the needs for the entire financial year, until July 1, 1946, have been indicated. (Unlike the previous practice, however, the demanded quantities have not been broken down by the Russians monthly; instead they demand their immediate collection.)

In connection with the demands, the following must be made clear:

a.) In the area of the more important foodstuffs, fulfillment of the demanded quantities—irrespective of the date of the collection—will completely upset domestic supply and will represent serious obstacles to agricultural production (mainly bread-cereals, corn, legumes, rough fodder, and livestock).

b.) Irrespective of the quantity issues mentioned in Point A, immediate collection in certain foodstuffs can hardly be carried out, since it is possible to fulfill some of them only from the spring harvest (mainly rough fodder and potatoes). This same difficulty appears in corn as well, where in the autumn months we are unable to deliver the demanded 30,000 tons of corn, and thus in the best case, only in the early spring months can there be any question of fulfilling this.

Regarding certain more important foodstuffs, the following must also be mentioned:

I. Flour

Quota:	2nd quarter:	28,500	tons
	3rd quarter:	13,000	"
	4th quarter:	29,000	"

The demanded quantity of flour, taking into account that 15 percent of it can be fulfilled in corn flour, equals approx. 30,000 tons of wheat, which is approximately sufficient for the supply needs of Greater Budapest for three months. Of the compulsory deliveries of bread-cereals—amounting to 100,000 tons—together with the quantity collected for reparations and waived, approx. 54,000 tons have been delivered to date. Thus the remaining approx. 46,000 tons upon fulfillment would have to be used largely for supplying the Red Army, and domestic supply would remain unsolved. As things stand, we are forced to allocate the mill dues largely for the local supply of the counties, while in our opinion it is not really possible to base domestic supply on the quantities to be expected in grain levies and from the exchange of industrial goods.

II. Legumes, hulled products, pasta

Quota:	2nd quarter:	8,760	tons
	3rd quarter:	4,000	"
	4th quarter:	20,000	"

The demanded quantity of 20,000 tons according to [the] memorandum may be fulfilled in legumes, hulled products, and kinds of pasta. Since, because of the cereal situation previously reviewed, we were able to deliver only a very small quantity of pasta, it would be possible to fulfill the larger share of the demands in beans, peas, lentils, pearl-barley, and millet-pap.

In proportion to the yields, the following solution may be proposed:

Beans, peas (hulled split)	10,000	tons
Pearl-barley	6,000	"
Millet	2,000	"
Pasta	2,000	"

The solution is only theoretical because, based on the known supply and that obtainable under the current system, their fulfillment can only be solved in part because of their minute quantities.

III. Grain fodder (oats and corn)

Quota:	2nd quarter:	34,000	tons
	3rd quarter:	20,000	"
	4th quarter:	37,000	"

Of the above quantity, 30,000 tons of corn and 7,000 tons of oats are requested for delivery. The delivery of corn in the autumn months—due to the lack of drying plants—can hardly be arranged; during the spring months, however, continuous delivery can be undertaken. In the same way we can largely deliver continuously the demanded quantity of oats until year's end.

IV. Potatoes, vegetables

				Of this, potatoes:	
Quota:	2nd quarter:	48,000	tons	24,000	tons
	3rd quarter:	37,000	"	18,500	"
	4th quarter:	94,300	"	56,580	"

Delivery of the above quantity of potatoes in the autumn months is inconceivable. In the opinion of experts, the potato surplus that can be placed on the market may be put at 60,000 tons, which is hardly sufficient for supplying the capital and industrial regions for the winter. Thus, if the deliveries are guaranteed, domestic supply would completely break down. We expect to be able to deliver the smaller proportion of the potatoes in the spring months.

We will deliver some of the vegetables in dried or canned form already in the winter months, if all the coal, sugar, and salt promised by the Russians are delivered. We will be able to deliver fresh vegetables in larger quantities only during the spring months, within the bounds of possibility.

V. Rough fodder

Quota:	2nd quarter:	50,000	tons
	3rd quarter:	50,000	"
	4th quarter:	74,520	"
		8,652	"

Delivery of the demanded quantity of hay is hardly conceivable, since according to the unanimous reports of the commissioners of the Ministry of Public Supply, fulfillment of the third-quarter quota itself encountered the greatest difficulties. In the best case, one-third of it could be delivered in part only from the first spring reaping.

VI. Milk and dairy products

Quota:	2nd quarter:	2,069	tons
	3rd quarter:	2,400	"
	4th quarter:	2,390	"

Of the third-quarter quota, we were able to fulfill only 691 tons, and we cannot undertake more than this in the fourth quarter either, since the demand amounts to more than one-third of the country's entire milk production (200,000 liters per day).

VII. Livestock

Quota:	2nd quarter:	9,400	tons
	3rd quarter:	6,000	"
	4th quarter:	7,645	"

Our cattle stock may be estimated at some 850,000 head. The fourth-quarter demand of the Red Army corresponds to approx. 50,000 head of cattle with an average weight of 300 kilograms. Since the fall of 1944, according to the counties' data, the Red Army has received some 200,000 head of cattle, so, along with the present demand, the resulting 250,000 head represents a 29 percent decrease in the stock. By contrast, in peacetime farming a maximum of 20 percent can be taken out without endangering breeding and production. Regardless of the question of quantity, we must by all means request postponement of the requisitions until completion of the autumn ploughing, since, according to the data of the Agricultural Ministry, with the draught animal power available to agriculture, some 3.7 million cadastral yokes can be cultivated, meaning one-third of our arable land. A reduction in that, therefore, would cause the paralysis of production.

VIII. Animal and plant fats

Quota:	2nd quarter:	2,800	tons
	3rd quarter:	1,700	"
	4th quarter:	1,985	"

Fulfillment of the deliveries, both in fat and in plant oil, places a very great difficulty on the Ministry of Public Supply. Our usable stock of pigs for the most part must be applied to reparations deliveries, and thus providing the demanded quantity of fat would only be possible from private slaughtering. The prospective quantity of this during the entire slaughter season may be put at some 2,000 tons, which is not even sufficient to provide for labor-

ers performing heavy physical work. The surrender of a part of our oil-seed harvest when it comes to providing oil to the industrial workforce represents a similar-sized deficit as well.

IX.	Eggs			
	Quota:	2nd quarter:	87	crates
		3rd quarter:	130	"
		4th quarter:	146	"

There are no major difficulties in delivering the demanded quantity of eggs, and indeed, that quantity could be increased two to three times as compensation for other foodstuffs.

Source: MNL OL XIX-J-1-j SZU TÜK IV-483/1-1945 (Box 24.)

DOCUMENT No. 32:

The Hungarian Foreign Ministry's Note Verbale to the ACC and Georgii Pushkin, the Soviet Representative in Hungary[6]

July 9, 1945

In the aftermath of World War II, the repatriation of those deported to the Soviet Union was one of the key issues for Hungarian society. Beginning in the spring of 1945, the Hungarian government several times raised the question of releasing and sending back the prisoners of war and civilian internees with the Soviet side. In the spring and summer of 1945, the Foreign Ministry besieged the Allied Control Commission with hundreds of notes verbales in support of bringing the civilians back home. Generally, the Soviet side did not even reply to the various requests.

After the conclusion of military operations, in Central Europe several million prisoners of war and civilians were crowded together in the reception and transit camps in the territory of the former fronts. Their transport to the Soviet Union proceeded slowly. During the months spent in the reception camps, the prisoners became weak and fell ill, and typhus epidemics were also common. In June 1945 the State Defense Committee decided that those prisoners who had become incapable of work would not be transported to the Soviet Union but instead set free. The decision, which also served propaganda purposes, was explained by the Soviets on humanitarian grounds, emphasizing that the Soviet Union would repatriate every prisoner of war prior to the signing of the peace treaty. According to Soviet sources, at this time some 25,000 Hungarian prisoners were released. In the note verbale below, the Hungarian Foreign Ministry welcomes and expresses its gratitude for the Soviet decision but at the same time asks the Allied Control Commission that the rest of the Hungarian civilians still in captivity but not yet dispatched also be released. Hungarian government organs naively assumed that it was only the arbitrary actions of certain camp commanders that were delaying repatriation. In reality this was not the case. The State Defense Council and later the Council of Ministers of the Soviet Union

[6] Georgii Maksimovich Pushkin (1909–1963): Soviet diplomat. From 1937 on, he worked in the People's Commissariat of Foreign Affairs of the Soviet Union. From 1942 to 1944, he was chief consul in China. From 1945 on, he was political commissioner alongside the Allied Control Commission in Hungary and subsequently the Soviet Union's minister and ambassador to Hungary (1945–1949). Between 1949 and 1952 he was head of the Soviet Union's diplomatic mission in East Germany and later served as deputy foreign minister (1952–1953).

decided on repatriation without taking the Hungarian notes into account. The mass and systematic repatriation process began in the spring of 1947 and lasted until 1949.

In the matter of Hungarian citizens transported and held in custody in prison camps by the Soviet authorities, the Hungarian government petitioned the Allied Control Commission on several occasions via note verbale and through personal intercession. It is with great gratification and sincere thanks that the Hungarian government wishes to record that at its request, the Soviet authorities have sent several thousand persons home in the past weeks from the prison camps in Hungary and Romania, and that moreover, they have improved both the nutritional situation of the prisoners and their health conditions.

In connection with the benevolent and understanding promise made by the Allied Control Commission before the representatives of the Hungarian Foreign Ministry, that all non-fascist civilian prisoners, after the examination of their cases, would be allowed to go home within a foreseeable time, the Hungarian government respectfully calls the kind attention of the Allied Control Commission to the fact that tens of thousands of civilian individuals, as well as many military persons older than the military age limit and younger than 18 years of age, and numerous disabled and ill persons are still in custody in the various prison camps in Hungary and Romania. Such a scenario prevails, for example, in the prison camp at Temesvár (Timişoara), the headquarters of which, according to information from those released, is still holding back several hundred persons despite the instructions of the Soviet military high command, on the pretense that allegedly they are awaiting a Hungarian commission that would receive the prisoners of war. In connection with this, the Hungarian government wishes to state that it has no knowledge of the invitation to such an alleged Hungarian commission.

The Hungarian government respectfully asks the Allied Control Commission to kindly investigate this matter as urgently as possible and, in justified cases, take the steps that appear necessary so that those individuals who, in the judgment of the Soviet authorities, may be released, be permitted to return to their families and jobs from the Temesvár and other camps as soon as possible, all the more so because the prisoners of the camps are mainly workers who are needed for the building of the new democratic Hungary.

Source: MNL OL, XIX-J-1-q, KÜM HDFO. Box 53, 131473/hf-1945.

DOCUMENT No. 33:

Note by the Ministry of Defense Requesting Foreign Ministry Intervention on Behalf of Deported Persons

August 1, 1945

On November 13, 1944, the Military Council of the Fourth Ukrainian Front issued a decree on the arrest and deportation of ethnic Hungarian and German men of military age in Subcarpathian Ruthenia, which belonged to Hungary prior to 1918 and again after 1939. The territory, occupied in October 1944, was incorporated into the Soviet Union under the name "Transcarpathian Ukraine."

In November 1944 the wave of deportations that occurred in Subcarpathian Ruthenia passed through the operational zone of the Fourth Ukrainian Front and thus touched the postwar territory of Hungary, namely the part of Bereg County (bordering on Subcarpathian Ruthenia) that was bounded by the Túr and Tisza Rivers. This territory was occupied by Soviet troops in late October 1944. Since the front passed through the region rapidly, no great devastation took place, and life there soon resumed. The momentum of the new start was broken by the deportation unexpectedly ordered by the occupiers. In the villages of Bereg County, the deportations took place at the same time and in the same way as on the other side of the border. On November 20, men between the ages of 18 and 50 were ordered to appear for three days' public work. However, instead of public work the people, equipped with food and clothing for three days, were driven to Beregszász and then Szolyva (Svalyava), which at that time belonged de facto to the Soviet Union. There the deportees were placed in railway cars and taken to Bryansk.

The dignitaries of the settlements of Bereg County, like the leaders of Barabás Commune in the document below, wrote to the minister of defense in support of bringing the deportees home. The petitions were forwarded from the Defense Ministry to the Foreign Ministry, which had jurisdiction in the matter of repatriation. In the brief letter printed here, mention is made of 6,000 deportees in connection with the village of Barabás. This figure presumably includes the number of those deported from the neighboring villages as well.

I hereby refer to your kind consideration the petition of the village of Barabás in rump Bereg County, in which it requests the release of some 6,000 forcibly removed persons.

Signature: Col. Literáty

SOURCE: MNL OL, XIX-J-1-Q, KÜM HDFO. BOX 87, 141886/1945.

DOCUMENT No. 34:

Agreement on the Establishment of Hungarian–Soviet Bauxite-Aluminum Companies

April 8, 1946

Under the terms of the agreement reached at the Potsdam Conference, the Soviet Union was allowed to acquire German assets located in Bulgaria, Hungary, and Romania, as well as in the Soviet zones of Austria and Germany. In all, some 400 companies and plants of varying size, hundreds of immovable assets, houses, landed and wooded properties, shops, and movie theaters in Hungary were expropriated. In certain cases, however, the Soviets obtained merely a small percentage of a given company, though there were also cases where a company passed into Soviet ownership in its entirety. It was in this way that the Soviet Union acquired one of the largest estates, that owned by the Pappenheim family, which thus avoided being included in land distribution. The Soviet occupation authorities in numerous cases exploited the opportunity and acquired assets that had only a small percentage of German ownership, or none at all. The problem in Austria, for example, was that although before the war a mere 10 percent of the assets had been German, due to the Germanization following the Anschluss, the amount of assets rose substantially. The question was whether these transactions had been made under duress or on a voluntary basis. Contrary to the Anglo-American interpretation, Moscow naturally maintained that it was the latter. The expropriation of further assets was made possible by the Soviet Union's stance, according to which "the headquarters of the legal entities decides the issue (of ownership), consequently there is no room for investigations into whether non-German persons have a financial interest." Thus, in July, 280 German properties were taken over, and the Potsdam Agreement applied to 90 percent of these cases.

The Soviet wish list regarding Hungarian enterprises likewise indicates that Moscow was striving to gain strategic positions. Thus, among the firms passing into Soviet hands were the Count Béla Zichy Urkut Mining Works (Gróf Zichy Béla Urkuti Bányaművek), which were the most important deposits of manganese ore in the country, the Danube Valley Aluminum Oxide Plant (Dunavölgyi Timföldgyár), the Transdanubia Bauxite Co. (Transdanubia Bauxit Rt.), and the Aluminum Ore Mine Industrial Co. (Alumínium Ércbánya Ipari Rt.). It should be noted that at that time Hungary was one of the world's most important bauxite-producing countries. Since there was a shortage of coal in the Soviet Union, the

occupiers laid claim to the Urikány Jiu Valley Hungarian Coal Mine (Urikány Zsilvölgy Magyar Kőszénbánya Rt.), the Salgótarján Coal Mine Co. (Salgótarjáni Kőszénbánya Rt.), and the Upper Hungary Mining and Smelting Works Co. (Felső-Magyarországi Bánya- és Kohómű Rt.), as well as to the Hungarian General Coal Mine Co. (Magyar Általános Kőszénbánya Rt.), the Edelényi Coal Mine (Edelényi Szénbánya), and the mine in the vicinity of Pécs. The latter were later amalgamated into the Hungarian–Soviet navigation firm that became known as MESZHART. Among the industrial units, the Danubian Aircraft Works (Dunai Repülőgépgyár), Orenstein and Koppel Industrial Railways General Machine Works (Orenstein és Koppel Iparvasutak Általános Gépgyár Rt.), the Ganz and Associate Electrical Machine, Wagon, and Ship Works Co. (Ganz és Társa Elektromos Gép, Vagon és Hajó Művek Rt.), and the AEG Unio Hungarian Electric Company (AEG Unio Magyar Elektromos Rt.) all came into Soviet ownership, as did significant units of the Hungarian textile industry, including the Domestic Spinning and Weaving Mill Co. (Hazai Fésüsfonó és Szövőgyár Rt.) and the Cloth and Carpet Factory of Sopron and Újpest (Soproni és Újpesti Posztó- és Szőnyeggyár Rt.). According to the Hungarian position, the firms listed above had only a small percentage of German ownership at most, but on the basis of the London Declaration, even in such cases the extent of their German ownership could be called into question. To justify its position, the Hungarian government presented an array of evidence. Thus, for example, Bakonyi Bauxite Co. (Bakonyi Bauxit Rt.) had been Swiss-owned, and the German-owned shares in the Salgótarján Coal Mine, the Urikány Coal Mine, and the Upper Hungary Mining and Smelting Works had been repurchased by Hungary during the war. Only five percent of Ganz and Associates had been owned by the Germans. Some 76 percent of the Telephone Works Co. (Telefongyár Rt.) was American-owned. In 1943 the Hungarian state had bought back numerous companies in German hands. As a result of the peace treaty, the Soviet Union was permitted to expropriate Italian interests in Hungary as well. While the significance of this provision was less marked, it still represented a further point of penetration, mainly in the financial and insurance spheres. Some of the Soviet enterprises were turned over to Hungary during an exchange of shares in 1949 in return for 14 million dollars. In 1952, under the terms of a Soviet–Hungarian protocol, the Soviet Union sold the remaining 77 enterprises to Hungary in return for deliveries of goods valued at 990 million forints.

In addition to the reparations and the expropriation of German assets, Soviet economic (and through this, political) penetration was promoted largely by the Soviet–Hungarian joint enterprises. These companies were established in the areas of air transportation, Danube navigation, and oil production and processing, as well

as bauxite and aluminum production. The Soviet contribution in these enterprises was a part of the German assets acquired by the Soviet Union, while the remaining equipment, installations, and in the case of bauxite and oil companies, the raw materials to be extracted by them formed the Hungarian contribution. Due to the overestimation of the Soviet contribution and the underestimation of the Hungarian contribution, Moscow may have obtained a greater share of the Hungarian economy than the value of the previous German property would have warranted. Although the post of chairman in the companies was occupied by Hungarians, actual power was wielded by the managing directors, who were Soviet citizens.

On March 29, 1946, the two governments signed a navigation agreement, based on which the Hungarian–Soviet joint navigation company known as MESZHART was established. It controlled navigation on the Danube and its tributaries, Lake Balaton and the seas; operated ports, stations, ship factories, and maintenance installations; and managed companies that produced and transported fuel. The Hungarian government leased to the company all ports on the Danube and Tisza rivers, as well as the free port on the Danube island of Csepel, the only such establishment in Hungary, for a period of 30 years. The vessels of MESZHART were granted most-favored-nation treatment, and the company enjoyed a complete exemption from taxes and duties. As the Soviet contribution the mines located near the city of Pécs (Pécs, Mecsekszabolcs, Somogy, Vasas, Hosszúhetény) became the property of MESZHART. This arrangement resulted in favorable conditions for Hungarian maritime navigation, since an agreement signed in 1947 granted the contracting parties the right to use each other's ports and port installations on the most-favored-nation basis, which obviously benefited landlocked Hungary.

A similar accord was reached a few days later, when MASZOVLET (Hungarian-Soviet Airlines), which was in charge of organizing and controlling Hungarian air traffic as well as participating in the international airline network, was established. MASZOVLET was granted the right to use the country's civilian airports and all of their installations for 30 years and was given territory to construct new ones. In early 1947 a protocol was attached to the agreement guaranteeing the Soviet civilian air fleet the use of Hungarian airspace and landing rights. These rights, it may be noted, were denied to the United States. With the exception of Hungarian and Soviet aircraft, all airlines could utilize Hungarian airspace or land on Hungarian soil only with Soviet permission, despite the fact that Ferenc Nagy had personally promised the American president landing rights for American airlines. Although the peace treaty had stipulated the application of the most-favored-nation treatment, this had no impact on the provisions assuring the Soviets exclusive rights. The protocol signed in 1947 was needed precisely because,

until the signing of the peace treaty, Hungarian airspace was under the military control of the Soviet Union. Thus landing and transit rights could be granted only by the ACC, in other words, in practice, the Soviet military authorities. However, since the peace treaty wound up the activity of the ACC, Hungary had its sovereignty restored and thus in principle regained control over its own airspace.

On April 8, 1946, one day before the Hungarian government delegation was to leave for Moscow, Deputy Prime Minister Árpád Szakasits and Soviet Minister of Industry Lev Nikolaevich Bobkov signed the Hungarian–Soviet bauxite agreement, which provided for the establishment of three joint enterprises. It is an interesting coincidence that the Hungarian–Soviet companies were established when Junkers in Germany had begun to manufacture jet aircraft for the Soviet Union, as a result of which the Soviet authorities prohibited the use of aluminum for other forms of manufacturing in the eastern sector of Germany. The government debated the agreement with great haste, since it had to be signed prior to departure. Ferenc Nagy's comment that the Soviet Union had to be persuaded to support Hungary at the peace negotiations appears to buttress the view that there was some kind of agreement between Rákosi and Stalin that Moscow would support certain territorial demands in exchange for a rapid signing of the economic agreements. For this reason, reservations about the lack of time limits on the companies' operations or about the monopoly on bauxite exports were swept aside in minutes. The deliberations among the experts were adjourned, and the agreement was signed without the special committees reaching a mutually acceptable agreement. Thus the Soviets rejected the Hungarian request that one solely Hungarian-owned bauxite mine be allowed to survive. They also did not provide a specific guarantee to satisfy the bauxite needs of the Hungarian state. However, they did agree to allow Hungary to have its own aluminum oxide plant as well as two bauxite furnaces, and they did not introduce, at least at first, a complete monopoly on the exploration and sale of bauxite. The companies operated according to Hungarian law.

Under the terms of the agreement, the Soviet Union received a 50 percent stake in the Aluminum Ore Mine and Industry Company (Aluminiumérc Bánya és Ipar Rt.) as well as its subsidiaries, which controlled 90 percent of the country's bauxite reserves. It likewise obtained a 50 percent ownership in the bauxite industry's second most important enterprise, the Hungarian Bauxite Mine Company (Magyar Bauxitbánya Rt.). The Soviets were to contribute the former German assets of the Hungarian Bauxite Mine Company, which they had received on the basis of the Potsdam Agreement, as well as equipment obtained as reparations. The German assets of the Aluminum Ore Co. and its subsidiaries, the Victoria Chemical Works Company (Victoria Vegyészeti Művek Rt.), the Tapolca

Mining Company (Tapolcai Ipar Rt.), the Hungarian Bauxite Mine Company (Magyar Bauxitbánya Rt.), and the Danubian Valley Aluminum-Oxide Industrial Company (Dunavölgyi Timföldipar Rt.), were ceded to the Soviet Union. Out of the latter a joint enterprise known as the Danubian Valley Aluminum Oxide Industrial Hungarian–Soviet Bauxite-Aluminum Co. (Dunavölgyi Timföldipar Magyar–Szovjet Bauxit-Aluminium Rt.) was formed.

The agreement emphasized that in the interest of increasing imports and exports, bauxite production would be elevated, while stipulating that the needs of the Soviet Union enjoyed priority. The companies were vested with all the concessions of their predecessors to explore new deposits throughout the entire country for an indefinite period of time. In March 1947 this stipulation was amended in order to grant the Hungarian–Soviet companies an exclusive right to explore bauxite deposits in Hungary. The original agreement stipulated the quantity of ore to be produced in the next three years, which was to rise from 400,000 tons in 1946 to 700,000 tons two years later. In 1953 Hungary delivered 500,000 tons of bauxite and 350,000 tons of aluminum oxide to the Soviet Union. The three joint enterprises—the Soviet–Hungarian Bauxite-Aluminum Ore Mine and Industry Company, the Hungarian–Soviet Bauxite Company, and the Danubian Valley Aluminum Oxide Industrial Hungarian–Soviet Bauxite-Aluminum Co.—were permitted to operate for an unspecified length of time. The Hungarian authorities were obliged to make available to them unlimited foreign currency deriving from the companies' revenues. This provision created an exceptional situation for them, since other Hungarian firms and foreign-owned firms operating in Hungary were not allowed to keep their revenues and for all intents and purposes could not receive any foreign currency whatsoever. They were also in a privileged position in that they enjoyed exemption from taxes and duties.

The companies were headed by the board of directors, the managing director and his deputy and, until the nationalization, the board of shareholders. The chairman of the board of directors was Hungarian, and the managing director, who was responsible for administrative matters, was Soviet. True power was exercised by the managing directors, since it was they who could act in all matters involving the company, sign contracts, apply for loans, and purchase, encumber, or lease company assets. The managing directors were responsible for the company's banking and credit operations, and they could hire or fire the companies' managers and workers as well as determine their salaries. On one occasion the managing director of the Hungarian–Soviet Bauxite Company decided to appoint new directors without consulting the Hungarian managers; the latter were expected to consent to the appointments without knowing whom he wanted to hire. The Hungarian board members therefore asked the managing director to

postpone the appointments and, in the future, inform them of his intentions in advance. This, however, he dismissed by declaring: "personnel matters fall under my competence, and therefore I can decide the matter even without the board of directors." Although the joint companies were subject to the laws of Hungary, the Soviet managers often disregarded them and acted arbitrarily.

A mere four days after the Iranian government consented to setting up a Soviet–Iranian oil company to exploit crude oil deposits in northern Iran, an agreement was reached establishing a similar company in Hungary as well. Like the bauxite-aluminum agreement, this was signed on April 8. Two new enterprises were created: MASZOVOL (Hungarian–Soviet Oil Company) and MOLAJ (Hungarian Oil). MASZOVOL inherited the concessions of the Hungarian-German Oil Company or MANAT to extract and produce gas and crude oil, as well as to process and sell oil and gas products. MANAT's 1940 concession passed to MASZOVOL, which simultaneously also became the owner of Orenstein and Koppel. MASZOVOL acquired the Hungarian government's 15 percent share of all crude oil produced in Hungary, which it could export to all countries with which Hungary had a commercial treaty. For its part MOLAJ was established out of a previously state-owned company, the Hungarian Oil Works (Magyar Olajművek), in such a way that 50 percent of its shares were handed over to the Soviet Union in return for compensation. MOLAJ's profile was oil refining. It was granted a 15 percent share in Hungarian oil production as well as a set amount of the remaining 85 percent.

To implement that part of the Agreement on economic cooperation signed between Hungary and the Union of Soviet Socialist Republics in Moscow on August 27, 1945, concerning the establishment of the Hungarian–Soviet Bauxite-Aluminum Company, the Parties signing the above-mentioned Agreement, being duly represented to conclude the present Agreement, namely the Government of the Republic of Hungary by Deputy Prime Minister Árpád Szakasits, and the Government of the Union of Soviet Socialist Republics by Lev Nikolaevich Bobkov, have agreed upon the following:

Article 1.

The Contracting Parties agree that the already existing Stock Companies named below, the assets of which, having previously formed German property, have passed into possession of the Union of Soviet Socialist Republics, namely: 1. The Aluminum Ore Mine and Industry Company and its subsidiary companies, the Victoria Chemical Works Company and the Tapolcza

Mining Company; 2. the Hungarian Bauxite Mine Company; 3. The Danube Valley Aluminum-Oxide Industrial Company, are transformed into joint Hungarian–Soviet Bauxite-Aluminum Joint Stock Companies in such a way that in each of the above-named joint stock companies, the two sides possess an equal share.

The capital stock of the Aluminum Ore Mine and Industry Company is established at 14,000,000 (fourteen million) pengős.[7]

The capital stock of the Victoria Chemical Works Company is established at 1,500,000 (one million five hundred thousand) pengős.

The capital stock of the Tapolcza Mining Company is established at 60,000 (sixty thousand) pengős.

The capital stock of the Hungarian Bauxite Mine Company is established at 24,640,000 (twenty-four million six hundred forty thousand) pengős.

3. The capital stock of the Danube Valley Aluminum-Oxide Industrial Company is established at 35,000,100 (thirty-five million one hundred) pengős.

The capital stock of all of the aforementioned joint stock companies is determined in 1938 pengős.

Article 2.

The Hungarian Side agrees, above the 42.24 (forty-two and twenty-four hundredths) percent of the Aluminum Ore Mine and Industry Company and its subsidiary companies—Victoria Chemical Works Company and the Tapolcza Mining Company—forming the property of the Soviet Side, to hand over a further quantity of shares so that the share of the Soviet Side in the aforementioned company thereby increases to 50 percent of the share capital. With this the Soviet Side receives possession of 50 percent of the shares in the subsidiary companies of the Aluminum Ore Mine and Industry Company—the Victoria Chemical Works Company and the Tapolcza Mining Company—since all shares of the latter companies are in the possession of the Aluminum Ore Mine and Industry Company.

As a partial settlement of the additional quantity of shares assigned to it, the Soviet Side agrees to hand over to the Hungarian Side 42.24 (forty-

[7] The pengő was the Hungarian currency from January 1, 1927, until July 31, 1946. Due to high inflation after World War II, it lost its value completely. It was replaced by the forint on August 1, 1946.

two and twenty-four hundredths) percent of the shares of the Bauxite Industry Company, which forms the property of the Union of Soviet Socialist Republics.

For the purpose of establishing the actual value of those shares that one Side hands over to the other Side, the appraisal of the fixed and other assets of the Aluminum Ore Mine and Industry Company, as well as its subsidiary companies—the Victoria Chemical Works Company, the Tapolcza Mining Company, and the "Bauxite Industry Company"—must be carried out jointly within two months from the day of signing of the present Agreement.

The Soviet Side will pay compensation to the Hungarian Side for the difference appearing in the value of the shares mentioned in Paragraphs 1 and 2 of the present article according to the attached Protocol.

Article 3.

The Contracting Parties agree that the share of the Soviet Side in the share capital of the Hungarian Bauxite Mine Company be increased from 33.33 percent (one third) to 50 (fifty) percent by increasing the share capital of the aforementioned Company from 18,480,000 (eighteen million four hundred eighty thousand) pengős to 24,640,000 (twenty-four million six hundred forty thousand) pengős in such a way that the Soviet Side alone will cover this increase of capital.

For the purposes of establishing the value of those contributions of the Soviet Side that are necessary for increasing share capital, the appraisal of the fixed and other assets of the Company mentioned in the first paragraph of the present Article must occur jointly within three months of the signing of the present Agreement.

Within the framework of its contributions mentioned in the preceding paragraph, the Soviet Side consents to hand over the existing equipment of the Székesfehérvár Aluminum Rolling Mill Works to the Hungarian Bauxite Mine Company, whereby the value of this equipment is to be credited simultaneously to the reparations deliveries, and furthermore the additional equipment of this factory which the Government of the Republic of Hungary would have to deliver to the Union of Soviet Socialist Republics as reparations, so that the value of the existing equipment and that to be shipped in addition amounts to 1,028,000 (one million twenty-eight thousand) American dollars.

If it is established that the value of the above-mentioned equipment is not sufficient to fully cover the amount of the capital to be increased, then

the Soviet Side shall bring other assets into the Company as per agreement of the Sides.

Article 4.

The Contracting Parties agree that 50 (fifty) percent of the share in the Danube Valley Aluminum Oxide Industry Company shall form the property of the Hungarian Side and 50 (fifty) percent the Soviet Side.

Equal shares in the above-mentioned Company will be achieved in the following manner: 1/3 (one-third) of the shares are directly owned by the Ministry of Industry of the Republic of Hungary, 1/3 (one-third) directly by the Soviet Side, and the remaining 1/3 (one-third) forms the property of the Aluminum Ore Mine and Industry Company, in which the Hungarian and Soviet Sides own an equal number of shares.

The Soviet Side agrees that the equipment of the Aluminum Oxide Works in Almásfüzítő be excluded from deliveries against the reparations bill, as well as the additional equipment of this factory which the Government of the Republic of Hungary must ship as a supplement.

Instead of this the Government of the Republic of Hungary shall ship to the Union of Soviet Socialist Republics other equipment, raw materials, or other goods, by agreement between the two Governments, in the amount of 880,600 (eight hundred eighty thousand six hundred) American dollars.

Article 5.

Both Governments will ensure the above-mentioned Companies' shareholders the opportunity to fulfill the conditions prescribed in the present Agreement in every aspect.

Starting from the signing of the present Agreement, the Soviet shareholders exercise all shareholder rights based on 50 (fifty) percent of all shares of the Aluminum Ore Mine and Industry Company and its subsidiary companies: the Victoria Chemical Works Company and the Tapolcza Mining Company and the Danube Valley Aluminum-Oxide Industrial Company.

The life of the Companies is not bound by any time limit.

The Companies' headquarters are located in Budapest.

Article 6.

The companies will operate according to the Bylaws attached to the present Agreement (Appendices 1, 2, and 3).

Article 7.

The shares of the companies mentioned in Article 1 of the present Agreement shall be exchanged for new shares within two months from the day of the signing of the present Agreement. The Government of the Republic of Hungary will ensure the implementation of the regulations related to the exchange of the shares through the appropriate governmental organs.

Article 8.

Depending on the development of the Companies, the share capital of the latter may be increased to an amount agreed upon by the Contracting Sides.

In connection with this, the equal shares of the Hungarian and Soviet shareholders remain unchanged.

Article 9.

The Hungarian–Soviet Bauxite-Aluminum Companies shall retain all the rights pertaining to the Aluminum Ore Mine and Industry Company, as well as its subsidiary companies the Victoria Chemical Works Company, the Tapolcza Mining Company, and the Bauxite Industry Company, likewise the Hungarian Bauxite Mine Company and the Danube Valley Aluminum-Oxide Industrial Company, that apply to the exploration of bauxite areas.

Within the entire territory of the Republic of Hungary, the Hungarian–Soviet Bauxite-Aluminum Companies shall enjoy privileges in bauxite exploration under otherwise equal conditions.

Article 10.

The Contracting Sides agree that the Hungarian–Soviet Bauxite-Aluminum Companies will work out production schedules, which will ensure the production of approximately the following quantities of bauxite:

In 1946	400,000 tons
In 1947	500,000 tons
In 1948	700,000 tons

The aforementioned companies shall dispose of the produced bauxite in accordance with their commercial interests, taking into consideration the internal needs of Hungarian industry, as well as the export intentions and other obligations of the Government of the Republic of Hungary, in connec-

tion with which the needs of the Soviet Union shall be satisfied primarily under extension of most-favored terms.

The operating schedule of the Hungarian–Soviet Bauxite-Aluminum Companies for the subsequent period will be worked out with the participation of the two Contracting Governments on the basis of the principles laid out in the Agreement signed in Moscow on August 27, 1945, on economic cooperation between the Republic of Hungary and the Union of Soviet Socialist Republics, taking into consideration the necessity of further development of the Hungarian bauxite-aluminum industry.

Article 11.

The Contracting Sides agree that the Hungarian and Soviet shareholders shall have an equal share in the leadership of the Companies; the Hungarian and Soviet shareholders shall be represented by an equal number of members in the Companies' Boards of Directors in such a way that the Chairman of the Board of Directors will be selected from among the Hungarian members of the Board and the Deputy Chairman from among the Soviet members of the board.

Executive duties will be overseen by the Managing Director recommended by the Soviet shareholders and the Deputy Managing Director recommended by the Hungarian shareholders.

Article 12.

During the sale and purchase of foreign means of payment at the Hungarian National Bank—in accordance with the existing Hungarian currency regulations—the Hungarian–Soviet Bauxite-Aluminum Companies shall enjoy the most favorable terms that the Bank employs vis-à-vis any other company.

For the purposes of acquiring necessary equipment and materials abroad for the Companies, as well as for payment abroad of the Companies' other expenses, the Companies shall receive foreign means of payment without hindrance from the Hungarian authorities out of those sums which originate from transactions completed by the Companies.

With regard to the premiums related to export and import transactions, the Companies shall enjoy the most-favored-nation treatment established for the same countries for such articles.

Article 13.

The Government of the Republic of Hungary agrees that every contract and legal transaction ensuing from the present Agreement shall enjoy tax and duty exemption. This includes every tax and duty connected with the potential increase or reduction of equity capital; the issuance of new shares; the registration of amendments to the bylaws; the transfer, purchase, and sale of shares; and likewise with the shareholders' agreements and purchase contracts.

The Government of the Republic of Hungary shall extend to the Hungarian–Soviet Bauxite-Aluminum Companies the tax and duty concessions ensuing from the law on industrial development.

The Government of the Republic of Hungary is in agreement that the tax and duty concessions granted to the Danube Valley Aluminum Oxide Industry Company shall be valid on the condition that the aluminum oxide factory in Almásfüzítő is put into operation by the end of the year 1948.

Article 14.

The shareholders of each company will form shareholders' agreements, with which the internal relations of the shareholders among one another will be determined in the course of the company's activity.

The Companies shall conclude a separate agreement among themselves for the purpose of coordinating their production and commercial activities.

The Contracting Governments shall confirm the shareholders' agreements as well as the agreement mentioned in the second paragraph of the present article.

Article 15.

Both Contracting Governments shall cooperate in organizing the exchange of technical information relating to bauxite production, as well as to the manufacture of aluminum oxide and aluminum between the Hungarian–Soviet Bauxite-Aluminum Companies and organizations of the Soviet bauxite-aluminum industry.

Article 16.

During their activity the Companies shall operate in accordance with Hungarian law and shall enjoy the same rights as companies of purely Hungarian capital.

Article 17.

If a difference of opinion arises in connection with the implementation of the present Agreement, these differences of opinion must be resolved jointly by the Contracting Governments.

Disputed questions relating to the operation of the companies that arise within the Boards of Directors must be decided in accordance with the terms of the Shareholders' Agreements mentioned in Article 14 of the present Agreement.

Article 18.

The Government of the Republic of Hungary shall issue the Company Bylaws attached to Article 6 of the present agreement as a decree, and the competent judicial authorities shall register them within a deadline of two months from the day the present Agreement is signed.

Article 19.

The present Agreement shall enter into force on the day of signing.

The Agreement remains in force until the Companies cease operations through their liquidation. The liquidation of the Companies may be announced only by the mutual consent of both Governments.

Done at Budapest, this eighth day of April, 1946, in two copies, in the Russian and Hungarian languages, both texts being equally authentic.

For the Government of the Republic of Hungary:

Signed: Szakasits

For the Government of the Union of Soviet Socialist Republics:

Signed: L. Bobko

MNL-OL KÜM IV-548 Box 34 97.res/h 1946

DOCUMENT No. 35:

Report of Mátyás Rákosi at the Meeting of the HCP Central Committee

May 17, 1946

Rákosi's speech, which contains an extraordinarily detailed description of the tactics pursued by the Hungarian Communist Party to obtain power, as well as of the latest plans of Soviet foreign policy, was based on fresh information obtained from the highest quarters. In late March, in preparation for the peace negotiations, Rákosi traveled on a secret mission to Moscow, where on April 1 he negotiated with Stalin and Molotov and shared what he had heard there with the party's leaders.

This took place after the Hungarian Communist Party's leadership launched an offensive in mid-January 1946 on the heels of its defeat in the elections of November 4, 1945. The purpose of the campaign was to weaken the Smallholders' Party, which had garnered an absolute majority of 57 percent in the elections, as well as to strengthen the Communist Party's economic position and power. They accentuated their economic and political demands by organizing mass movements and later by establishing the Leftist Bloc (Baloldali Blokk) in early March. The party's leaders soon also found the means of exploiting the matter of the peace preparations in order to promote the success of the attack against the Smallholders. From the Soviet leaders (who made no secret of the fact that they had expected much better results from the Hungarian party in the elections) Rákosi received a promise that, if they successfully carried out the left-wing shift that began in January (and consequently precipitated the collapse of the Smallholders' Party) and furthermore succeeded in establishing the Hungarian–Soviet joint companies, which would lay the groundwork for decisive Soviet economic influence in Hungary, the Soviet Union in return would support the Hungarian government's claim against Romania to a 4,000–10,000 sq. kilometer strip of territory along the border. The Soviets also agreed, after these conditions were fulfilled, that a Hungarian government delegation could come to Moscow to discuss questions related to the preparations for the peace and the various economic problems.

Thus, at the time of the political crisis in March 1946, Rákosi made a proposal to Ferenc Nagy: if the Smallholders' Party fulfilled the demands of the Left-Wing Bloc, Rákosi would see to it that the Hungarian prime minister would be received in Moscow at the head of a government delegation, and in the event Moscow would support certain Hungarian territorial demands of a limited scope

against Romania. For the Smallholder prime minister the offer must have been tempting: to the public it would be he who had "delivered" the only positive result of note related to the peace settlement in Moscow, a border modification vis-à-vis Romania. In addition, Ferenc Nagy must also have reckoned that this would help increase not only his personal prestige but also that of his party, the Smallholders. Thus this political bargain also contributed to the Smallholders' Party leadership ultimately accepting the demands of the Left and carrying out the party's first self-mutilation (which later proved to be fatal), expelling from the party 20 deputies branded as "reactionary" by the communists.

However, the Hungarian government delegation's negotiations in Moscow between April 9 and 18, 1946, brought genuine success only to the Soviets. They succeeded in making the Hungarian politicians believe that the Soviet Union would support their territorial claims against Romania, without the Soviet leaders having to make even a single decisive and unambiguous declaration regarding this. It is characteristic of the Soviets' approach that simultaneously, on the days of the Hungarian government delegation's negotiations in Moscow, they assured the Romanian government that the Soviet Union would protect the existing Hungarian–Romanian border against any kind of modification.

In his speech Rákosi presents in detail the tactics that needed to be pursued in order to strengthen the position of the Communist Party vis-à-vis the various coalition parties, regarding the trade unions, the peasantry, and so on. In this area the most interesting concept is that the union of the two workers' parties must be proposed, ignoring the fact that in the short term not even the left wing of the Social Democratic Party supported that. It cannot be ruled out that this idea, too, originated from Moscow, and it was part of a general trend: as is known, in the Soviet zone of Germany the two workers' parties were united in 1946, and as Rákosi recounts, in 1945 the French Communist Party attempted the same.

Raising the idea of merging the two workers' parties in the spring of 1946 meant that at this time the HCP was experimenting with a model of obtaining power that differed from what it later accomplished. As Rákosi clearly explained, a united workers' party with 35 percent of the vote would represent a much greater political force than two parties with 17 percent, and could take more effective action against the overwhelming parliamentary superiority of the Smallholders. If so, the main target and first victim of the HCP's salami tactics would not have been the political opponent positioned on the right of the coalition, the Smallholders Party, but rather its primary ally, the left-wing SDP.

The dominant role of the HCP within the political structure and its self-confidence are similarly well illustrated by the way Rákosi speaks of how the Communists needed to "transform" the internal political relations of the Smallhold-

ers' Party: "we will try to force progress to the left from below and from above at once, and thus ensure that the danger, which today is ever stronger, that the right wing of the Smallholders' Party will absorb the center of the Smallholders' Party and with this essentially the bulk of the Smallholders' Party, is reversed so that the left wing of the Smallholders' Party absorbs the center of the Smallholders' Party, and we thereby prevent this largest party from turning to the right."

The speech contains three extremely important pieces of information on the current priorities of Soviet foreign policy coming straight from Stalin: 1. The Soviet leadership was already planning to establish a new communist world organization: in other words, the idea of forming the Cominform was not a response to the Marshall Plan; 2. In the next 20 to 30 years there would not be a new world war; 3. A new situation had arisen in the area of the international class struggle.

1. Rákosi analyzed in detail how, according to Stalin, the Comintern, established in 1919 and disbanded in 1943, because of its excessive centralization had not aided but hindered the development and effective activity of the various parties. He stated that now—or in March 1946 at the latest—the Soviet leadership was once again planning the formation of an international communist organization, though it would have to operate on a completely different basis:

"This will not be an executive body; its task will be to compose, to help in making objections, to communicate the good or bad experiences of one country's communist party to that of another country, so that they learn from their neighbors' experiences and losses."

In other words, the model Rákosi described in detail largely corresponded to the Cominform established later, in September 1947, though at this time it was not yet clear—or at least not revealed in Rákosi's speech—that the new organization was not striving for the global solidarity of communist parties but instead would be regional, that is, an organization primarily of the emerging Soviet bloc.

Rákosi's speech also reveals that Stalin took a flexible approach to the question and was planning the establishment of the new international communist organization only after the French, Czechoslovak, and Romanian elections, as well as the conclusion of the peace with Germany's former European allies. That is to say, he strove to ensure that the formation of the new organization would not prevent the maintenance of cooperation with the Western Allies.

2. According to Stalin, in the next 20 to 30 years, there would not be a new world war. It is noteworthy that this confidential statement occurred one month after Churchill's speech at Fulton. Thus it did not influence Stalin in the least towards confrontation, and he knew that Churchill was speaking only of the actual situation concerning the division of Europe. In other words, in the spring of 1946, Stalin still wanted to maintain cooperation with the Western Allies, and he considered this a realistic possibility.

3. A new situation had arisen in the area of class struggle. Because of its outstanding significance, the part of the speech concerning this third point is worth quoting in its entirety: "the view will change that was widely spread at the Third International, for example, that we have to wait for the conditions for revolution to appear in at least a number of countries, and only then can we instigate the revolution. [...] One part of this concept is that in these changed circumstances, whenever a country achieves the conditions for the liberation of the proletariat or for socialism, this will be carried out, with no regard for whether the respective country is in a capitalist environment or not. This is also a new perspective, which simply means that in a country where, as a result of the work of the Communist Party, these conditions are present, it has to be realized. This is fresh encouragement for all communist parties, because now it will depend mainly on their work whether or not the conditions for the liberation of the proletariat are created in their own country."

This "encouragement" arriving from Moscow in the spring of 1946 had an effect in Hungary as well: the period of consolidation and preparation had ended, and the complete takeover of power by the communists now began.

Thus one part of the Stalinist concept was accomplished almost to the letter: by mid-1948 the Sovietization of Central Eastern Europe was essentially completed, and moreover, without civil war. In the end, however, this did not happen according to the original plan, since cooperation with the Western Allies could not be maintained simultaneously.

Dear Comrades!

I would like to begin my report by briefly reviewing the international situation. The peace negotiations are leaving their stamp on the international situation. The Anglo-Saxon powers want to use the peace negotiations to ensure for themselves the greatest possible spoils and to stem as much as possible the democratic tide that has been appearing all across Europe with the collapse of fascism. And because the Soviet Union has thwarted this intention at every turn, the peace negotiations will drag on for quite a while. Despite this, it is to be expected that during the month of July, at least those countries that are so important to us, primarily our country and the neighboring countries, will conclude peace, which undoubtedly will be a very serious stabilizing factor, because there will be one less uncertainty, one uncertain factor will be eliminated.

Outwardly it is our impression that England and the United States form a united front against the Soviet Union at these negotiations. Occasionally this is indeed the case, but if one takes a closer look, of course it

becomes clear everywhere that there are differences, at times significant, at other times only subtle. The comrades are probably familiar, for example, with those proposals that relate to the solution of the Trieste question.[8] They have seen the sketch maps, and on these small maps it can be seen precisely what the difference is in the policies of the Soviet Union, England, the United States, and, in this case, France. We might say that in drawing lines, one may notice that, even on a question such as this, the stance of the United States is not identical to [that of] England. In addition, in England a gradual internal transformation is underway. There is a quite significant contradiction inwardly; under the pressure of the working masses, events are undoubtedly developing to the left in such a way that an entire array of important branches of industry and the National Bank are being taken into state ownership and nationalized, and the consciousness of labor has increased extraordinarily. In this regard it is characteristic that when the representatives of the Labour Party were here, they declared that never again can a conservative government come to power in England. So sure are they of themselves that even if we cut away a good amount of self-confidence, it is in any case symptomatic of how the British Labour Party, and not even its most radical part, thinks. Thus inside the country there is undoubtedly a serious radicalization. This radicalization, however, has not shown itself at all in foreign policy, where the old conservative-reaction-

[8] The Trieste question was one of the most serious European territorial disputes after World War II. As early as November 1943, the Yugoslav Council of National Liberation had made a decision to lay claim, after the conclusion of hostilities, to the entire Istrian peninsula and adjoining parts of Gorizia (including Trieste, Montfalcone, and Tarvisio), and Tito's partisans accordingly attempted to create a fait accompli when they advanced all the way to Trieste. Because the Yugoslav-Italian border coincided with the border between the Soviet and Western zones of influence, the British and the Americans opposed the Yugoslav territorial ambitions, while the Soviet Union supported them. By the spring and summer of 1946, the Yugoslav–Italian border issue, especially the issue of where to assign Trieste, had become one of the most important disputes among the Allies. The impasse was broken only in the summer of 1946; the Soviets and the Yugoslavs renounced Tarvisio, Gorizia, and Montfalcone in the north, while the Western Allies agreed that Trieste and its environs would be set up as a free territory belonging neither to Italy nor Yugoslavia. Regarding the subject, see György Szántó, *A trieszti kérdés* [The Trieste Question] (Budapest: Cserépfalvi, 1946), and Ignác Romsics, "Az újraosztott Köztes-Európa. A térség szovjet uralom alá kerülése 1945 után" [The Redivided Middle Europe. The Coming of the Region under Soviet Control after 1945], *Európai Utas* 11:1 (2000). Leonid Gibianskii, "The Trieste Issue and the Soviet Union in the 1940s," in *Vojna in mir na Primorskem. Od kapitulacije Italije leta 1943 do Londonskega Memoranduma leta 1954* , eds. Jože Pirjevec, Gorazd Bajc, and Borut Klabjan (Koper: Univerza na Primorskem, 2005), pp. 357–390.

ary line is pursued uninterrupted. And the contradictions of this duality are beginning to show themselves within the Labour Party. The critics of that line that is unwilling to apply democracy in foreign policy are increasing in number and are more and more vehement. Naturally, when this first change will also appear in foreign policy is an unknown factor. For the present it is our impression that this internal radicalization will not have a particular impact at the peace negotiations. The British will still pursue these peace negotiations in the spirit of the old reactionary, Eden-type foreign policy. Further complicating the British situation is that, because English capital is not strong enough, it is beginning to use its own influence to repress the radicalization of British labor at home and intrigue against its own working class, hand in hand with American capital. This, too, is a new symptom, and naturally, capital from the United States is very glad to take part in this game, with a maiden whom it is not difficult to take to this dance. Anyone who observed the circumstances surrounding the vote approving the loan to be offered to England in connection with this can see that, regardless of this, the imperialist antagonisms between the two countries are indeed on the rise. Proposals that, for instance, wanted to make the loan America is giving England dependent on ceding further naval bases, or that demanded England be obligated to spend 90 percent of this loan in the United States, were after a long battle rejected by a quite small majority. And when it was finally passed, points were incorporated into the American version, which meant a further burden for British capital. Thus the Anglo-American antagonism is undoubtedly growing, but it would be a mistake to imagine this growth at so rapid a tempo that it could play some critical role in these peace negotiations, only a few weeks away. Naturally, the Hungarian people are also extraordinarily preoccupied with the question of the peace negotiations. And one of the important steps in preparing for the peace negotiations was the fact that the government delegation traveled to Moscow to prepare the peace negotiations. Thus, looking back, our impression is that this visit came quite late. It is enough to point out that 10 days after the delegation departed from Moscow, the actual peace negotiations were already beginning in Paris. So in this regard we were undoubtedly late. This delay was caused primarily by Hungarian reaction. It was not possible for the government delegation to go to Moscow[9] until,

[9] The visit of the Hungarian government delegation to Moscow took place between April 9 and 18, 1946. For the memoranda on the discussions of April 9–10, see Csaba Békés, "Dokumentumok a magyar kormánydelegáció 1946. áprilisi moszkvai tárgya-

inside the country, the new regime had given the signal that it was seriously fighting for democracy. And proving this was extremely difficult after the elections of last November,[10] when there was a generally widespread view that the course must be turned to the right. And turning the course and steering the democratic evolution once again towards the left required very hard work by Hungarian democracy. This change was brought about by our party's well-thought-out, planned policy. I list only stages: when the restorationist-legitimist intrigues began after the elections, when the heir to the throne, Otto,[11] appeared in Innsbruck, and when the idea that the elections might be used for a royalist restoration suddenly reared its head in Hungary, too, primarily with the help of the Catholic Church, we immediately raised the issue of the republic and duly saw this through.[12] When, as a result of the elections, a general attack was launched against completing the land reform, and this attack was fully supported by every reactionary in the village and in the county headquarters, after suitable preparation, we began popular campaigns. As a result, in March, after the demonstration

lásairól" [Documents on the Hungarian Government Delegation's Negotiations in Moscow in April 1946], *Régió* 3 (1992): 160–171, as well as T.V. Volokitina et al., eds., *Vostochnaia Evropa v Dokumentakh Rosiiskikh Arkhivov, 1944–1953 gg. Vol. I. 1944–1948* (Moscow and Novosibirsk: Sibirskii Khronograf, 1997), 402–406 and 407–419. In Hungarian they appeared in István Vida, ed., *Iratok a magyar–szovjet kapcsolatok történetéhez 1944. október–1948. június. Dokumentumok* [Papers on the History of Hungarian-Soviet Relations, October 1944–June 1948. Documents] (Budapest: Gondolat Kiadó, 2005), 191–194 and 195–206.

[10] The elections to the National Assembly took place on November 4, 1945. In the elections the Independent Smallholders' Party (SHP) received 57 percent of the vote, the Hungarian Communist Party (HCP) 16.95 percent, and the Social Democratic Party (SDP) 17.41 percent, while 6.87 percent of the votes were cast for the National Peasant Party (NPP).

[11] Otto von Habsburg (1912–2011): the last heir to the Habsburg throne. His father, Charles IV, was legally deposed in Hungary in 1921 (Law XLVII of 1921), which he did not acknowledge, and he tried to return on several occasions. Otto hoped to return up until the end of World War II and only relinquished his claim to the Austrian throne in 1961. However, the monarchists continued to revere him as Emperor Otto I of Austria, and the Hungarian legitimists as King Ottó II of Hungary. See Márton Békés, "A legitimizmus és a legitimisták" [Legitimism and the Legitimists], *Rubicon* 20:1–2 (2009).

[12] On the day after the Tildy government entered office, November 16, 1945, the prime minister, accompanied by Béla Varga, paid an official visit to Prince-Primate József Mindszenty in Esztergom. At the meeting Mindszenty took a stance against the creation of the republic. According to the prince-primate, at that time Tildy and Varga assured him of their support, which Mindszenty duly reminded them of in his letter of December 31, 1945. The Smallholders' Party did not support the prince-primate, however. See Gizella Föglein, *Államforma és államfői jogkör Magyarországon 1944–1949* [Form of State and Jurisdiction of Head of State in Hungary, 1944–1949] (Budapest, 1993), 43–44.

in Greater Budapest, we dealt a severe blow to the right wing of the Smallholders' Party and ensured the completion of the land reform as well as a few serious democratic reforms. Parallel to this the sentences of the people's tribunals proceeded, showing that Hungarian democracy was determined to settle accounts with the war criminals. With the Soviet Union we concluded those economic treaties[13] that proved that Hungarian democracy understands that not only close political but also economic relations must be established with our eastern neighbor. And after these preconditions were obtained, we immediately tried to exploit them and sent this government delegation to Moscow. Unfortunately time had passed us by and, as I said, we were much too late, despite the fact that we seized the opportunity in the strictest sense of the word. On March 12 the Smallholders' Party deferred,[14] and at the end of March, I was already in Moscow in order to prepare this government visit,[15] and one week after my return the government was already in Moscow.

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[13] On August 27, 1945, in Moscow, representatives of the Soviet and Hungarian governments signed a short-term commercial agreement as well as a treaty of long-term economic cooperation. The commercial agreement guaranteed that in the area of raw materials, oil products, food products, and pharmaceutical goods, Hungarian foreign trade would be conducted overwhelmingly with the Soviet Union, while the treaty on economic cooperation prescribed the formation of joint Soviet-Hungarian companies in the most important areas of industry and trade (oil, aluminum, steel, and chemical industries; river, air, and road transport). The Western states protested the exclusive agreements on numerous occasions, but after lengthy debates the Supreme National Council ratified it nevertheless, on December 20, 1945. See Péter Sipos and István Vida, "Az 1945. augusztus 27-én megkötött szovjet–magyar gazdasági egyezmény és a nyugati diplomácia" [The Soviet-Hungarian Economic Agreement of August 27, 1945, and Western Diplomacy], *Külpolitika* 4 (1985): 102–124, and László Borhi, *A vasfüggöny mögött. Magyarország nagyhatalmi erőtérben 1945–1968* [Behind the Iron Curtain: Hungary in the Great Power Arena, 1945–1968] (Budapest: Ister, 2000), 31–36.

[14] The aim of the Leftist Bloc, formed on March 5, 1946, with the participation of the HCP, SDP, and NPP, beyond defending the land reform, braking inflation, and purging the administrative apparatus, was to have those politicians they considered right-wing removed from the Smallholders' Party. Rákosi was alluding to the fact that the Smallholders on March 12 had replied officially to the demands of the Leftist Bloc, and in the letter, signed by Ferenc Nagy, the party essentially accepted every major political demand of the Leftist Bloc. Sándor Balogh, *Parlamenti és pártharcok Magyarországon 1945–1947* [Parliamentary and Party Struggles in Hungary, 1945–1947] (Budapest: Kossuth Könyvkiadó, 1975), 181–190.

[15] In early 1946 Rákosi began to put out feelers in order to ascertain whether the Soviet leaders would be willing to support certain Hungarian territorial demands, and whether they would be willing to receive a Hungarian government delegation for the purpose of discussing the Hungarian peace aims. In his February 2, 1946, letter to Rezső Szántó, the representative of the Hungarian Communist Party in Moscow,

Thus we did what we could to accelerate matters and to make up for the time we lost primarily through the error of the Hungarian reaction and specifically because of the vacillation of the Smallholders' Party. The visit undoubtedly had the effect of improving Soviet–Hungarian relations. As the comrades know, the external trappings of this visit were very impressive, and it had tangible results, both economically and politically. Among the economic results were the easing of the reparations payments[16] and an array of economic alleviations, while the political ones included the assurance that—in contrast to the Czech plan, which sought to deport the [Hungarian] population remaining after the voluntary population exchange[17]—we would receive a guarantee that we could raise this issue at the peace negotiations and that the Soviet Union would support our request that the Hungarian population remaining there be assured every democratic right. Undoubtedly the situation will be similar vis-à-vis the Hungarians of Romania as well; moreover, it was established that under the terms of the armistice, Hungary has the right to raise certain territorial claims against Romania.[18] I must say that concerning this formulation—that Hungary has the

Rákosi states that "there is talk that I may have to go to Moscow in connection with the preparation for the peace negotiations;" PIL 274. f. 2/34. ő. e. About Rákosi's negotiations in Moscow see Csaba Békés, "Dokumentumok a magyar kormánydelegáció 1946. áprilisi moszkvai tárgyalásairól" [Documents on the Hungarian Government Delegation's Negotiations in Moscow in April 1946], *Régió* 3 (1992): 160–171 as well as Document 35 in this volume.

[16] During the Hungarian government delegation's visit of April 1946, the Soviet side made concessions concerning the Hungarian reparations obligation. The deadline for the reparations payments was extended from six to eight years, and the Hungarian government's debt for the railway lines built by the Red Army was waived, as was a penalty of 6 million dollars.

[17] According to the February 27, 1946, Slovak–Hungarian agreement on population exchanges, as many Hungarians could be deported from Czechoslovakia as ethnic Slovaks who reported to the authorities their desire to leave Hungary in the future and live in the Slovak state. The representatives of the two governments were already accusing each other of violating the agreement during the applications for resettlement, but relations between the two countries truly became tense when, in June 1946, the public also became aware that Czechoslovakia, independently of the agreement on population exchanges, wanted to deport an additional 200,000 Hungarians from the country and had requested the support of the peace conference for this.

[18] Article 19 of the ceasefire agreement signed with Romania on September 12, 1944, stated that Transylvania or the larger part of it be returned to Romania. This highest-level Soviet decision, which, based on the recommendation of the so-called Litvinov Commission, voted to give all of Transylvania to Romania, was reached in the first half of September 1945. See István Vida, "A Szovjetunió és a magyar békeszerződés előkészítése" [The Soviet Union and the Drafting of the Hungarian Peace Treaty], *Külpolitika* 3 (1997).

right to raise certain territorial claims—our people, jumping the gun, took this a little further and presented it as if the right to raise the issue at the same time meant that the Soviet Union fully supported this matter.

Undoubtedly a certain exaggeration occurred on the part of the returning delegation in this regard. Nevertheless, we can see that it undoubtedly strengthened Soviet–Hungarian relations, and precisely for this reason the reactionary forces went on the offensive against it while the delegation was still in Moscow. The comrades must recall that while Ferenc Nagy[19] and his people were in Moscow, in the meantime the right wing of the Smallholders' Party, [Kálmán] Saláta[20] and others like him, raised the alarm here. Naturally we immediately reacted to this by attacking, but this did not change the fact that when the delegation came home, it found here at home a mood within

[19] Ferenc Nagy (1903–1979): Smallholder politician. In 1924 he joined István Nagyatádi-Szabó's Smallholders' Party, serving as its vice-chairman for Baranya County from 1928 to July 1930. Along with others in 1930, he formed the opposition Independent Smallholders' Party (SHP), occupying its post of general secretary from October 12, 1930, to August 20, 1945. He was one of the initiators of the Hungarian Peasant Alliance, filling the post of chairman from September 28, 1941, to November 3, 1943, as well. He was chairman of the Hungarian Peasant Alliance from April 1945 on, and of the SHP from August 20, 1945. From May 11 to November 15, 1945, he was minister of reconstruction. From November 29, 1945, to February 5, 1946, he was president of the National Assembly; at the same time, he was a member of the Supreme National Council from December 7, 1945 to February 2, 1946. He was prime minister of Hungary from February 4, 1946, to June 2, 1947. On June 2, 1947, in Switzerland, where he was spending his vacation, he was blackmailed into resigning by the Hungarian Communist Party and remained abroad. The SHP Political Committee expelled him from the party on June 3, 1947, and on October 7 he was stripped of his citizenship. In 1948 his property was also confiscated. He settled in the United States, living and farming in the small town of Herndon, Virginia, not far from Washington, DC.

[20] Kálmán Saláta (1917–1958): Smallholder politician. Beginning in February 1945 he was the SHP deputy general secretary in Budapest, deputy head of the political department, a member of the executive committee, and for a brief time its secretary. Together with Ferenc Nagy, he drafted the party's land reform plan. From May 1945 on, he was a ministerial secretary in the Ministry of Reconstruction, then an employee in the secretariat of the Supreme National Council and the Office of the Prime Minister. Until April 1946 it was he who headed the secretariat of the party's faction in the National Assembly, and later, from the fall of 1946 on, he was chairman of the Smallholders Foreign Affairs Committee. On September 7, 1946, he was elected to the SHP National Executive Committee. As he was a "person implicated in the conspiracy against the republic" (based on trumped-up charges), the political police wanted to take him into custody, but he went underground to evade arrest. He was hidden by, among others, Béla Varga, then Piarist and Franciscan monks. On January 24, 1947, he was stripped of his mandate. On February 26, 1947, he fled to Czechoslovakia and from there, on April 4, to the American zone of occupation in Germany. In 1948, with the assistance of Ferenc Nagy, he settled in the United States.

the Smallholders' Party that was not at all cordial to the atmosphere of the Moscow visit. And it is characteristic that Ferenc Nagy's own party listened to his report in Parliament with rather lukewarm enthusiasm. In this situation the center of the Smallholders' Party, to which Ferenc Nagy belongs, could have chosen one of two policies. One would have been to demand fully the continuation of democratization and thereby show that they had drawn the lessons of the Moscow visit and understood that Hungary's healthy future development could be conceived only through the pursuit of a consistent and unswerving democratic line. Unfortunately this did not happen. Instead, the center of the Smallholders' Party somehow tried to work out a course that outwardly was loyal to the Soviet Union, but inwardly deviated strongly rightward from what it was previously. As I jokingly told Ferenc Nagy, here at home they wanted to prove through their domestic policy manifestations that they had not sold their souls to the devil in Moscow, whereas in fact by doing so they cut the tree out from under themselves, because a foreign policy that is not in harmony with domestic policy is inconceivable. Displaying friendship towards the Soviet Union and not creating the indispensible preconditions for this friendship, the consolidation of democracy, here at home is an impossibility. Thus in this regard, on the domestic policy line the Moscow visit not only did not bring about a serious strengthening of democracy, but to a certain degree the Smallholders' Party undoubtedly turned to the right. And this turn to the right one again underscored the phenomenon that is starting to become an unbearable burden to the coalition. It is namely that, apart from the Communist Party, not one governing party wishes amid the present difficulties to pursue the coalition fully but rather, except for us, each one attempts to be in opposition, showing that what is now happening is not to its liking, and that if this continues thus, then it is obvious that the coalition government cannot be taken any further this way. Gradually a situation is developing whereby the Communist Party is the only one that is truly a governing party and is forced to bear every unpopular consequence of this. This is the case with the Swabian question,[21] where except for us all the other parties

[21] The Potsdam Conference, held from July 17 to August 2, 1945, passed a resolution on the resettlement of the German population (or a part of it) from Poland, Czechoslovakia, and Hungary to Germany. Responsibility for drafting the plan for the population transfer lay with the Allied Control Commission in Germany. Its plan included the removal of 500,000 "Swabians" from Hungary, which was to have been carried out between December 1945 and July 1946. For more details, see István Fehér, *A magyarországi német kitelepítések 1945–1950* [The German Deportations in Hungary, 1945–1950] (Budapest: Akadémiai Kiadó, 1988).

openly, but mostly under cover, made everyone concerned understand that this whole Swabian question was not to their liking. And to varying degrees, they pursued the rescue of the Swabians.

We find a similar situation when it comes to the imperative questions of reconstruction and the discussion of the proposal to downsize the state apparatus, where we and we alone have consistently acted in the interest of the nation. Here, too, the other parties, albeit to varying degrees, attempted in part to save their own followers or class as much as possible and make them understand that they do not really agree with this entire affair. This gained expression above all in each one declaring that it did not even expect anything special from this move. And it thus fundamentally demeans the importance of the entire matter.

A similar situation exists, for example, in the restoration of labor discipline, where it is an increasingly common occurrence that the Communist Party demands labor discipline in the factories, while the Social Democratic Party in the best case remains idle on this question, but more than once has openly opposed it. In this regard the position of the coalitions is growing quite difficult, because more and more the tasks are those that can be solved only through united strength and cannot be solved if one party works while the others just watch or even pull development backwards. Thus, from this situation, where the Communist Party is, practically speaking, the lone governing party, a situation is gradually beginning to emerge in which it is we who are responsible for every difficulty. This is best seen, for example, in the general antipathy received by the Supreme Economic Council, which they want to portray simply as a communist organization. The absolutely necessary, unpleasant, often crucial economic measures have been successfully ascribed by and large to our party.

The popular movement that we launched in January and February[22] had similar results in some respects. Today it is now possible to calculate

[22] The rural, peasant demonstrations aimed at defending the distributed lands, and the ever-widening mass protest of the workers dissatisfied by the extremely grave economic situation, were utilized by the Hungarian Communist Party to exert pressure on the government "from below" as well. At the rally held in the Sports Hall in Budapest on February 16, 1946, General Secretary Mátyás Rákosi presented the Communist Party's proposal for resolving the country's economic and financial situation, which was intended as the action plan for the mass movement as well. Following the speech at the Sports Hall, the mass movements across the country gained strength, also spreading to areas where previously they had hardly occurred or not at all; Balogh, *Parlamenti és pártharcok*, 175–180.

the balance of the popular movement. Undoubtedly the result of the popular movement is, on the whole, positive. It was necessary and it was correct to rouse the masses for the defense of democracy, the completion of the land reform, and the removal of reactionary officials. So in this regard, the popular movement was undoubtedly quite a significant step forward in beating back reaction. The reason I emphasize this so sharply is because afterwards I want to present its negative side. For in connection with the popular movement not only the positive but also the negative sides of our party, its errors, have come to light. Its positive side was that it turned out that from Szatmár County to Vas County, we truly were able to move the masses, primarily the village masses, in favor of democracy. This mass movement naturally was not uniform everywhere. Beyond the Tisza, in the Viharsarok it was substantially stronger than in Transdanubia, but in any case it showed that in this regard our party is strongly interwoven with the masses. At the same time, however, there was a host of indiscretions and all sorts of left-wing sectarian phenomena, which in many places substantially detracted from the result; indeed, there were places where the excess was so strong that it wiped out the good result in a moment. And in more than one place, they led to our party losing its initial sympathy and the non-communist masses pulling back from the party precisely because of the excesses, fighting, and indiscretions, as well as the party becoming isolated in such places. And with such excesses, we gave the other parties an opportunity to attack us quite thoroughly and reduce our influence in such places. The situation today in the country is that the people are by and large tired. This is a natural symptom after every war. And the people want tranquility and peace. This factor, however understandable, is extremely dangerous, because after all, rest is possible only if we have done a thorough job, and the fact that people demand order and peace, if we are not careful, provides grist for the mill of reaction, because in our opinion, we can only rest when we have completed the work, when we have secured every achievement of democracy, and unfortunately we are still far away from this state of rest.

Because of this we must continue to pursue the existing policy, directing the vigilance of the people to those dangers that threaten democracy, and must not permit any state of rest from which reaction could profit. We will have no choice in the future as well but to continue urging our people, including of course the workers, to those difficult tasks, the resolution of which is still before us. But in any case changes must be made to our tactics here and it must be shown that our activity is actually that which serves to achieve this peace and reaction is that which is now playing the

subversive role. This may be shown in part with such conspiracies, which in essence are the beginnings of a civil war; it may be shown by the fact that all their measures that disturb economic strengthening, reconstruction, and the good-neighborly attitude towards our neighbors (and reaction does all this) at the same time disturb the much-needed peace as well. So this weapon must be turned around and reaction portrayed as that which is responsible for our not being able to restore the much-needed order and peace. The gigantic advantage of the Communist Party last year during the wartime disruptions was what we call, let us say, pioneer spirit: bold initiative and the undertaking of difficult tasks. In these weeks and months, it was truly nation-saving work when the Communist Party literally grasped people by the collar, shook them out of their lethargy, and thrust them onto those tasks which the nation's interest demanded at that moment. Since then, however, the situation has changed, the parties have formed, the classes have recovered from their lethargy, and now we must change these methods, because if we work in May 1946 as we did in February 1945, then despite our best intentions, the result will be that those who no longer consider this method as necessary as it was last year will turn against us. Our comrades in the meantime also became used to this method. Our comrades everywhere speak even today, when a task must be completed, as if we were in February of last year and still today work with the same methods. Which was correct last year. This year, however, these methods must be changed to a certain degree. And one more thing: last year one of our mistakes was that, although we worked properly, we did not think of using our work immediately for strengthening and organizing the party. Many communists worked in such a way that this question completely disappeared from view. They were unable to use their jobs and positions to increase the party's influence. Furthermore, they became so accustomed in these weeks and months to the broad lines that they somewhat neglected the mass agitation work. It must be said that the breeding ground for this negligence exists in the party's leading stratum.

The party—as the comrades know—at that time, and to a certain degree even today, was composed of two main strata: one is the illegal comrades here at home, the other the comrades returned from emigration. It is characteristic of both strata that over many years their major strength was to work out the broad political lines, to point out the international connections, the fight of the working class against fascism, or the great problems of the working class, and little time remained for mass agitation, special communist work. Our illegal comrades did not become used to this; in

fact, it was impossible to freely become used to it, as, let us say, the legal Social Democrats had the opportunity for this. And the result was that now, after the liberation, we continued to excel in questions affecting the broad lines, the entire nation or the entire capital, in which we undoubtedly were ahead of all the other parties, whereas we were unable to work out sufficiently the everyday agitation work, the mass work, that could answer the everyday small questions of the masses. To a certain degree the Muscovite emigration also found itself committing this error. With us this was deliberate. During the war, for example, when we operated the Kossuth Radio, we suffered greatly from the fact that we were able to provide the country the broad political line, but we were unable, lacking data and local knowledge, to convert this broad line for the individual villages and towns or for use in everyday practical life. And the result was that gradually we grew accustomed to watching primarily the broad line and, for lack of data and local knowledge, neglected the agitation work, and now, when this work is beginning to come to the fore, we are of course weak at this. In this regard, the events of February and March are a typical example. In February the factory committee elections took place, and these factory committee elections did not turn out well for us, because we were not prepared. Last year the factory committee elections were conducted in an atmosphere in which the Communist Party did not particularly have to exert itself.

This year, under the changed conditions, these factory committee elections should have been prepared by preliminary agitation lasting weeks or months, and there were problems in this preparation, which showed in the factory committee elections. At the same time, when reaction was being driven back in high politics, the large mass rally of March 7[23] was a proper, carefully planned line. In other words, at the same time that, in national politics, the Communist Party once again proved that it

[23] On March 5, 1946, representatives of the Hungarian Communist Party, the Social Democratic Party, the Council of Trade Unions, and the National Peasant Party held a joint discussion on the political situation. They passed a resolution that they would cooperate in defending the land reform, slowing inflation, purging the administrative apparatus, and to remove the politicians they considered right-wing from the Smallholders' Party. It was also at this time that they decided, in order to achieve their demands, to organize a mass demonstration for March 7, 1946. The general assembly adopted a resolution that a delegation from the Executive Committee of the Leftist Bloc, which had been formed in the meantime, handed to the prime minister the next day. The left-wing parties gave a deadline of 10 a.m. on March 12 for acceptance of their demands. See "A demokratikus pártok és Budapest népének határozata" [Resolution of the Democratic Parties and the People of Budapest], *Szabad Nép*, March 8, 1946.

stood in control of the situation, that it was leading Hungarian democracy, in the minor questions of detail, an error crept into the factory committee elections. And from this we must learn, comrades. All the more so since the big questions affecting the entire country or international questions do not come along every day. Not every day is there a land distribution; not every day is there a republic established or a protest rally, a mass movement like what we carried out in February and March. The more life becomes stabilized, the greater significance this agitation work has. And now our party must realize that in addition to continuing to maintain the broad outlook, agitation work must at all costs be put at the forefront. As we shall see, reconstruction itself demands this agitation work. In all those areas where the Communist Party works, above all in the factories, partly as a consequence of these great battles that we waged for the strengthening of democracy, we neglected the factories, and this must be quickly compensated for. And it must be made up for in such a way that we carefully examine the questions of the factory, and in solving everyday questions, too, we must show that we are at least as good at it as the Social Democratic Party, if not better.

The situation is similar in the trade unions. In recent months the Communist Party has somewhat neglected work in the trade unions, and it is especially in the most significant trade union, the Trade Union of Iron Workers, that the weakest communist work is being conducted. And this must be changed at all costs, because if we do not change it, then what will happen is that the Social Democrats, who are ahead of us with long decades of legal practice and experience—this is their advantage—will overcome us in agitation work. And we must beware of an opinion evolving in the plants, the factories, and the trade unions that, although the communists understand the national questions very well, they are unable to demonstrate sufficient results in protecting and elaborating the everyday minute concerns of the workers. If this impression arises among the working class, sooner or later this will undermine the party's influence, because the simple person does not judge the party so much by broad national lines, but rather in his everyday concerns, everyday minute issues, that appear day after day, how well prepared it is to handle these questions. Here, too, the situation is the same, namely while huge questions were on the agenda, the workers did not really show much concern either. Now, however, the minute concerns are beginning to flood into the forefront, and we must understand that, besides maintaining our broad policy outlook, we must apply ourselves to this agitation work, mass agitation work.

The situation is similar in the village. We completed the land distribution, and we led the defense of the results of the land distribution as well. So here, too, in the broad picture we completed the work or the leading part of that work that falls to the Communist Party in such a situation. But now come the defense and improvement of these results, and this demands not just a broad, national policy, but everyday agitation work there in the village. And more and more the signs are multiplying that our comrades do not understand this. And just as nature abhors a vacuum, so, too, does politics. And if we neglect this agitation in the village, someone else, a non-communist, will perform it for us. And with this we promote the undermining of communist influence. There as well the view will emerge that whenever land must be distributed or the result must be defended, the Communist Party is good, but if copper sulfate is needed, or it is necessary to intervene in the distribution of the animal quota per village, there it seems the Communist Party is no longer up to the task. And just as in the factories the simple person will, in the long run, evaluate the party's activity first and foremost through agitation, in the village, this is even more so. There, as is well-known, political sophistication and the appreciation of the successes achieved in the broad national lines play even less of a role than in the factories.

The situation is similar, for example, in our municipal policy. In connection with the normalization, municipal policy is more and more important in the life of the simple resident of the village or small town, but also of the capital. And in this regard we communists are lagging very far behind, in part due to historical reasons. Everyone knows that the Social Democratic Party participated in the leadership of the capital and of many provincial towns for more than two decades. They have, so to speak, an advantage of two decades in this regard, and we must make up for this advantage literally in a matter of months, because otherwise we will fall terribly behind. Whoever, for example, regards the municipal life of the capital, Budapest, and municipal policy must state that in this area the Social Democrats are beating us resoundingly. And yet precisely because conditions are beginning to be normalized, the municipality and the capital increasingly reach into the everyday life of the simple person. And if there the workers and the petty bourgeois become accustomed to the idea that the communists do not understand such things and cannot deal with them, whereas the Social Democrats do understand them and can deal with them, then the absolute consequence of this will be that our party's influence will decrease, and as a result of the failure to understand municipal policy, we will lose a sizeable share of our influence.

The situation is similar in the press. The rural press in particular shows very clearly this dual profile of our party. It shows on the one hand that we understand the broad political lines. This partly stems from the fact that, let us say, the provincial press copies the well-elaborated line of the communist press of the capital, and in this regard it undoubtedly outdoes the local press of the other parties. But at the moment it is a question of the local application of the broad communist policy; there we are immeasurably weak and lag far behind the other parties in this regard. So we must make changes in this regard as well.

Concerning agitation work, we must make changes to our peasant policy as well. Beyond the fact that we know, broadly speaking, that we are protecting the new farmers, protecting the interests of the poor peasantry, and that we are fighting against the kulaks, outside of these broad lines our peasant policy is extremely weak. And this naturally is reflected especially in the peasant press, in *Szabad Föld* and *Dózsa Népe*. Whereas it also holds true here that the practical confirmation of our correct political line is provided by performing those everyday minute tasks from which the simple person can judge the correctness or incorrectness of our policy. So one lesson from this is that not only in the factories and the trade unions and the municipal hall must we quickly and thoroughly make up the shortcoming and disadvantage that exist in our party vis-à-vis the other parties. We must also work out a peasant policy, going into details, how the broad lines—let us say, helping the new farmers recover—can be reinforced through small and detailed regulations. Because if we do not do this, then the poor peasantry, for all its sympathy, will sooner or later turn away from us. In this respect it is extremely characteristic that when we are out among the workers and speak about the great political questions, a considerable number of the speakers, involuntarily, unconsciously bring up everyday concerns. For example, now the piece-wage question[24] is playing a large role throughout the factories. The piece-wage question is one in which our party essentially has taken only a theoretical position and as it turns out, a considerable number of our comrades, not even those in the trade unions, see the entire significance of this question. Yet this is a question of no less than giving a giant impetus to labor discipline and providing an elaboration of a wage system in which he who works more also receives more, and

[24] The piece-wage, a form of payment by results, meant a wage earned for completing a set number of pieces of work (in contrast to the hourly wage).

he who works poorly should receive less if possible. Because otherwise the encouragement that motivates the workers to give their all under the present conditions will be lacking. This question is a topic of debate throughout the factories. This is indeed what the workers are talking about all over the entire country and, sure enough, this is not expressed in our party's press and everyday work. This is a question of such importance that it interests the entire proletariat at present. The piece-wage system, and agitation work in general, takes on gigantic importance the moment we link it to reconstruction. I want to speak about reconstruction separately, but in any case I must say that the engine of reconstruction, just as in every major step previously, must be the Communist Party, the reason being that the other parties either do not really want democracy to carry out reconstruction and thereby grow strong—I am thinking in this respect of a significant part of the Smallholders' Party—or they turn up their noses at reconstruction, because this demands a sacrifice also from those masses whom those parties represent, and naturally they are loath to perform such unpleasant tasks. Extremely typical of just how deliberate it is in the right wing of the Smallholders' Party that economic chaos and economic difficulties help reaction and weaken democracy is the observation that these people greeted these good spring May rains rather gloomily, regarding them as an attack against them, since, after all, it cleared up one of our burning questions, it provided an opportunity for an average harvest, and they naturally disapproved of this as the strengthening of democracy, so that we must understand that reconstruction will be a gigantic battle. The decisive economic battle of democracy, it must be said. And if we win reconstruction, undoubtedly we will have taken an enormous step forward on the path to consolidating Hungarian democracy. And one precondition of reconstruction will be how we can, so to speak, convert the communist broad line into money, to implement it on a small scale everywhere where the critical components of reconstruction are underway, in the factories, in the villages, in the municipal hall, etc. Now it is this agitation work that is coming to the forefront, comrades!

The broad line remains, but it is this agitation work, the mass work, that will have increasingly greater significance. And it is this mass work that will ensure the success of reconstruction, and if we cannot perform this mass work properly, then reconstruction will suffer. Let us examine in this regard what our attitude is to the other parties with whom we want to tackle the question of reconstruction. Let us take first of all the Social Democratic Party, which stands closest to us. There are serious problems with

the Social Democratic Party. Outwardly this is not so visible; it is obscured in part by the success of the May Day parade, in part by the Moscow trip, etc., but it must be stated that there are serious problems within. In recent months the Social Democratic Party essentially has become alienated from us. We sought the reason for this. Comrade Kádár[25] very wittily pointed out that the lesson the Social Democratic Party drew from the elections was that this was the defeat of the Social Democratic Party not at the hands of the Smallholders but rather the communists. Those of us familiar with the mood of the Social Democratic Party around the election know this very

[25] János Kádár (1912–1989): communist politician. From January 19, 1945, he became a member of the central committee in Budapest organized after the front had passed through. From January 21 to April 28, 1945, he was deputy police chief for Greater Budapest. From April 28 to May 21, 1945, he was secretary of the regional party committee for Greater Budapest, and from April 13, 1945, he was a member of the Hungarian Communist Party (HCP) Central Committee Secretariat and head of the cadre department. From November 22, 1945, to August 18, 1948, he was secretary of the the HCP party committee in Greater Budapest. At the Third Congress of the HCP in late September 1946, in addition to his membership on the CC and Politburo, he was elected deputy general secretary. On April 22, 1948, he became deputy to Mihály Farkas on the military committee created by the Politburo. From March 17, 1948, he was head of the "unity committee" preparing the unification of the two workers' parties in Greater Budapest, as well as a member of the national HCP–SDP (Social Democratic Party) joint organizing comittee. At the constituent congress of the Hungarian Workers' Party (HWP), he remained deputy general secretary, and in the new party, too, he was made a member of the Central Committee, the Politburo, and the Secretariat. As a result of the Politburo's decision, Kádár assumed the post of interior minister at the time of László Rajk's appointment as foreign minister, August 5, 1948. On April 20, 1951, he was arrested on trumped-up charges, and one month later the Central Committee stripped him of all his party offices. On December 26, 1952, the Supreme Court sentenced him to life in prison; on July 30, 1954, he was released. After his release Rákosi made him party secretary for the capital's 13th district, and on September 6, 1955, he was elected first secretary of the HWP Party Committee for Pest County. At the session of the HWP Central Committee held between July 18 and 21, 1956, he was elected a member of the Politburo and the Central Committee secretary. On October 25, 1956, following Ernő Gerő's dismissal, the HWP Central Committee elected Kádár as the party's first secretary. From October 31, 1956, to November 4, 1956, formally he was minister of state in Imre Nagy's governments. At dawn on November 4, 1956, he announced on the radio station in Szolnok the formation of the Hungarian Revolutionary Worker-Peasant Government, of which he became the prime minister. In addition to the post of first secretary of the Hungarian Socialist Workers' Party, until January 28, 1958, and then again from September 13, 1961, to June 30, 1965, he was prime minister. Between his two stints as head of state, he filled the post of minister of state in the cabinet. At the national party conference of May 20–22, 1988, although he became chairman of the Hungarian Socialist Workers' Party, he was relieved of his post as general secretary.

well. The comrades remember that in October there was a conference, based on which all the democratic parties wanted to campaign on a joint list, and there a debate ensued over the distribution of the mandates. The Social Democratic Party demanded at least 25 percent for itself. Originally they began with 32 percent, then went down to 25 percent, but said that the only reason they were going so low was to help the poor, wretched Communist Party out a little. This was roughly the atmosphere in which they went into the elections, and accordingly they regarded the results of the elections as the defeat of the Social Democratic Party vis-à-vis the communists, not the Smallholders.

It was not merely a simple psychological factor that the very influential figures in the Social Democratic Party disapproved of good relations with the Communist Party and wanted to imagine the entire future as much as possible with the Communist Party destroyed. Therefore, as a result of this idea of revenge, when the Social Democratic Party looked around and devised a plan for its future, its plan was not so much about close cooperation with the Communist Party against the Smallholders' Party but instead taking revenge against the Communist Party and aimed at undermining the position of the Communist Party. Everyone experienced this later in the factory committee elections, where in more than one place, the Social Democrats fought relentlessly with the Communist Party. For example, in the Trade Union Council election, they went so far as to print a declaration in *Népszava*, the essence of which was the splitting of the trade union [movement] into two in the event that the Communist Party did not grant their demands. In this area, naturally, reactionary forces also joined in, as did the general discontent that stems from the economic conditions, and all of it led to the Social Democratic Party internally moving quite some distance from the Communist Party, even if outwardly this is not so clearly visible. Whoever observes, for example, the slackness of the Social Democratic Left can see how much the situation has changed in this regard, and it must be said that in this, regarding the idea of revenge, essentially there is no great difference between the Social Democratic left wing and center. In this regard everyone is a party chauvinist and, enthusiastically or not, takes this line. But this has gigantic dangers, comrades, because as we shall see, alone the Communist Party cannot implement reconstruction. It is doubtful whether we can carry it out with the collaboration of the democracy's left wing, but alone we cannot carry it out in any case, and we cannot carry it out without the Social Democratic Party either. For this reason we must direct all our efforts toward strengthening the unity of the two

parties. This will not be easy, because after all, now reconstruction means roughly that the masses of every party must make sacrifices, and the Social Democratic Party will try to get out of this. Precisely because we noticed this internal change in the Social Democratic Party, already weeks earlier we had issued a new slogan that gave fresh content to labor unity; we raised the question of the unification of the two parties. The issue of the merger of the two parties is naturally an extremely serious blow to those who wanted to take revenge on the Communist Party, and it is no coincidence that this immediately met with strong rejection in the leading stratum. The comrades remember well that Szakasits[26] and I gave speeches in the Sports Hall on April 28. Szakasits, to whom I had already raised the idea of a unified party, spoke extremely warmly about cooperation between the two parties, but at the same time unmistakably rejected the notion of unifying the two parties, which naturally did not stop me 20 minutes later from underscoring once again the question of the two parties' merger. Therefore in the near future and in the future in general, in addition to labor unity, we must raise the question of a united party. However, not as a direct, immediate aim, because if we do not raise it astutely, if we raise it as an immediate demand which, let us say, must be discussed at the Social Democratic Party Congress in August as the direct offer of the Communist Party, then we might easily share the fate of the French comrades who raised this last year, prematurely. The result was that the Right pounced on this question,

[26] Árpád Szakasits (1888–1965): Social Democratic politician. From 1931 to 1948 continuously, he was a member of the leadership of the Social Democratic Party. In 1938 he was entrusted with position of deputy to the party general secretary, and in January 1939 the party caucus elected him general secretary. Simultaneously he assumed, first temporarily, then from 1940 on permanently, the duties of editor-in-chief of *Népszava* as well. On October 10, 1944, on behalf of the Social Democratic Party he signed the agreement on the two workers' parties' postwar cooperation. On February 19, 1945, he was elected general secretary of the party, becoming a member of the Politburo as well. From November 5, 1945, on, he was a minister of state; between May 31, 1947, and August 5, 1948, deputy prime minister; and from February 26 to August 5, 1948, he was minister of industry. In late 1947 and early 1948, he collaborated in preparing the merger of the two workers' parties, and from June 14, 1948, on, he was chairman of the Hungarian Workers' Party created in the aftermath of the unification, also becoming a member of the Central Committee, the Politburo, the Orgburo, and the Secretariat. Between August 3, 1948, and August 23, 1949, he was president of the republic; following this he was chairman of the Presidium of the Hungarian People's Republic until May 8, 1950. On April 24, 1950, he was arrested on false charges and was sentenced to life in prison. He was set free on March 29, 1956, and rehabilitated on June 27.

thoroughly exploited it, rejected it, and thereby further loosened the relationship between the two parties. Therefore we must learn from this, but at the same time theoretically, without emphasizing the date or the extreme urgency of the matter, we must underscore the gigantic significance of this question for the Hungarian workers' movement in general and for Hungarian democracy in particular.

A few very simple and understandable points must be emphasized in this regard. One concerns the path of the Social Democratic Party on the question of whether the way the Soviet Union built socialism was correct; on this question, the divergence has ceased. No thinking Social Democrat in the world today would say that the path the Soviet Union took in 1917 was incorrect. Yet this was one of the decisive theoretical differences between the Social Democrats and the communists. This question has fallen by the wayside, and with this one of the biggest obstacles to the closer union of the two parties has ceased to exist. It must be pointed out that in the event of the two parties' merger the dialectic process, when quantity shifts to quality, becomes evident. One party in Hungary, a workers' party that is represented by 35 percent in parliament, has greater weight than two parties represented by 14–17 percent. And such a merger in itself, without any new growth, would mean a colossal increase in strength for the Hungarian working class. This everyone understands, and it would immediately counterbalance that certain 57 percent to which the Smallholders' Party constantly and proudly alludes. Next, the question of socialism must be raised. Here, too, the comrades must be told that the situation has changed profoundly compared to last year. Last year in the spring and summer and prior to the elections, we intentionally downplayed our socialist nature. This stemmed in part from the fact that a quite significant part of the working class, but mostly the bourgeoisie, believed that since it was the Red Army that liberated us, the communists undoubtedly wanted a soviet republic or a socialist republic. And to reassure them, we deliberately downplayed our socialist profile. In the meantime we succeeded in convincing them that we were not striving for immediate socialism, and in some respects we may state that this persuasion has succeeded too well. But in any case, under the given conditions, since they now know that we are not striving immediately for a soviet republic or socialism, it is now time to remind our own party and the working class once again that we are also socialists. And in connection with socialism, it is time to call attention also to the fact that if 20 years ago or 40 years ago, we spoke of socialism as an unattainable distant ideal, in the meantime we have come closer to the time

when socialism can be achieved. And if the Social Democratic Party also wants to achieve socialism and so do we, and in the not-so-distant future, then the question must be raised on all accounts whether it is a good idea to merge the two parties in the fight for socialism. This is all the more so since, in the fight for socialism, the Soviet Union will have quite a significant role in the future as well. And it is these factors that must be held before the Social Democratic comrades in the factories during the debates, and there is no doubt that this will have a large echo in the masses. When we made this question public to the functionaries at that certain meeting in the Sports Hall, on the next day, and on subsequent days, this was the subject of debate in the factories all over Budapest. The people understood that a new idea had emerged here, an idea which, going beyond the daily concerns, points to the future. An idea worth pursuing, so we must push this at all costs, all the more so because this makes it impossible for the Social Democrats' leading stratum to continue that policy with which they seek to distance the Social Democratic Party from the Communist Party. In the working masses, and these working masses include the poor workers of the village as well, such a watchword will undoubtedly strike root and, for the time being, will prevent the unity between the two parties from weakening, while later it will undoubtedly contribute to the strengthening of this unity between the two parties. Naturally this will not happen without crises, because after all, now that the question is being raised, we can see that in this regard the so-called left wing of the Social Democratic Party welcomes the idea about as unenthusiastically as the center of the Social Democratic Party. We, however, know that the situation is different below, among the masses, and through attractive means we are striving again to force the leading stratum to take this path by guiding the masses of the Social Democratic Party onto the correct socialist path. To strengthen this idea, we raised the idea of joint, unified party days with the Social Democratic Party. As could be expected, the headquarters did not accept this, not publicly but in the form of internal directives, and instructed the organizations to avoid joint party days with communists. Naturally this will not bother us, and wherever possible, joint party days are to be striven for. The leading comrades in particular, if they are in the countryside, should try to realize such joint party days. (In certain places, like Győr and a few suburbs of Budapest, for example, such joint party days are already being held.) Nevertheless, we must take care that no conflict with the Social Democratic Party ensues from this issue. Wherever the Social Democratic Party categorically opposes it, let us not force it. On the other hand, a method of joint

party days that no one can object to, and to be practiced at all costs, is to hold joint factory meetings. The Budapest comrades have probably noticed that in recent weeks the Communist Party has been engaged in incomparably greater activity in the factories than before. We are holding factory rallies with the leading comrades one after the other, the purpose of which is partly that, since Social Democrats, communists, and non-party members are together in the factory, this notion of unity, and the practical realization of labor unity in general, can be carried out much better. For this reason, then, in the future, wherever joint party days are not possible, absolutely greater weight than before must be placed on the factory meetings. And in this way, and by conducting good agitation work, we shall undoubtedly strengthen our influence in the factories and force the Social Democratic Party not to continue its policy heretofore of essentially distancing itself from the Communist Party, but rather to come closer once again to the Communist Party.

I do not have much to say about the Peasant Party. The situation of the Peasant Party is that, as a consequence of the difficulties visible in the Smallholders' Party, it is undoubtedly growing. Since the Peasant Party is the smallest party and outwardly seems the least responsible for the difficulties of the present situation, this automatically lends it a certain oppositionist role, and in some places it knows how to play this oppositionist role quite cleverly. As a result the Peasant Party is also growing—unfortunately, at the expense of our party—in some places, especially in such places where our party is sectarian, violent, and literally provocative or unruly, and especially where the peasant masses have seen that the Peasant Party is still more oppositionist and at the same time not as violent, not as demanding, as the Communist Party. In connection with this, there is a certain turn to the left in the Peasant Party. We who are familiar with the party's conditions can verify this. We have seen, for example, that the new leadership elected at the party's congress is undoubtedly taking a more consistent democratic line than the previous one. This was seen also in the Peasant Party taking part in the May Day demonstrations to demonstrate worker-peasant unity. Incidentally the Peasant Party quite consistently and loyally fought the battle shoulder to shoulder with us in the March campaign as well, where together with the trade unions we established a left-wing line. And naturally in the future of worker-peasant unity, as well as in pressuring the Smallholder democratic masses, the Peasant Party will have a huge role in the future as well, which in turn prompts us to deal with the Peasant Party now even more intensively than in the past.

The situation of the Smallholders' Party is a crisis that is manifesting itself more and more clearly. The Smallholders' Party is a heterogeneous party, in which—now that we know the results of the elections—it was revealed that the urban element is almost the size of the rural element in terms of percentage as well. Recently I have often rubbed this in the faces of the Smallholders, because it is after all an unusual phenomenon that the absolute majority of, let us say, Csongrád County was not Smallholder in the elections, but an absolute majority of the city of Szeged was Smallholder. An absolute majority of Hajdú County, in other words the peasant population, was not pro-Smallholder, but an absolute majority of the city of Debrecen was Smallholder. The situation was similar in Miskolc as well. An absolute majority of Borsod County was not Smallholder, but the city of Miskolc was Smallholder. And essentially the situation was similar in Budapest as well, which shows that the party is by no means a smallholders' party, and naturally this circumstance is making itself felt in endless crises, because the interests of the peasantry do not coincide with the interests of the urban, conservative, reactionary, capitalist circles. And the first serious sign of this crisis is the Sulyok party,[27] which essentially means that the capitalist representatives of the reactionary cities have founded a separate party in opposition to the Smallholders' Party. And with this the rightward progression up until now of the Smallholders' Party and its monopoly on all those masses who, we might say, stood to the right of the Peasant Party, has ceased. Now they cannot speak so calmly of the election and so calmly of the 57 percent. Everyone knows that in the event of a new election, in which the pro-Sulyok elements would participate to the right of the Smallholders' Party, they would siphon off a significant portion of the Smallholders' Party's urban, and most likely rural, reactionary elements for themselves. This is in any case a new factor with which we must reckon and which significantly diminishes the current importance of the Smallholders' Party.

Let our policy vis-à-vis the Smallholders' Party be that we support and strengthen its left wing with all our might. Here in the Smallholders' Party as well, if on a different basis, we encounter a phenomenon similar to that in the Social Democratic Party. Namely, its masses react differently to the

[27] Led by Dezső Sulyok, the Hungarian Freedom Party was formed on March 15, 1946, from the parliamentary deputies expelled from the Independent Smallholders' Party three days earlier. A few weeks later Sulyok turned to the Allied Control Commission and requested permission for the party to operate legally, which he duly received on July 4, 1946: *A SZEB jegyzőkönyvei 1945–1947* [Minutes of the ACC, 1945–1947], 186, 192.

movement of the left wing than the leaders do. If we look, for example, at the peasant group of the Smallholders' Party, then it must be stated that in one direction, towards the left wing of democracy, let us say, towards the Communist Party, they are fairly uniform. In this regard, perhaps it can be said that antipathy to the Communist Party is one of the cohesive forces of the Smallholders' Party today. Below, among the masses, though, we experience something else. From all sides we hear that within the Smallholders' Party upheaval, ferment, and, here and there, decay are quite noteworthy. The comrades yesterday or the day before yesterday saw that Smallholder party organization in Salgótarján essentially disintegrated and opposed the current party. The May Day demonstrations themselves showed that throughout the country, in small villages too, the left wing of the Smallholders' Party participated in the May Day demonstration, and in more than one place the local leaders, and even parliamentary deputies, made speeches at these May Day gatherings. In some places this phenomenon was completely unexpected. From Szabolcs, for example, which is, after all, the country's most reactionary county and where, accordingly, the Smallholders' Party received more than 60 percent of the votes, our party secretary reports that 150,000 people took part in the May Day parades and demonstrations. Since the size of the industrial proletariat there is quite negligible, undoubtedly the peasantry made up at least three-quarters of these 150,000 people, which in a county such as Szabolcs is undoubtedly a new phenomenon. It was surprising for us that, for example, in the district towns of Transdanubia unusually large crowds turned out, and now, when we are preparing for our new rally, primarily in Transdanubia we are now receiving the news that interest is huge, and this, too, will attract quite large peasant masses. These facts show that within the Smallholders' Party, the ferment has started, and we must reach into this and accelerate this process. Up till now we tried organizing the left wing of the Smallholders' Party, with fairly scant success. However, this does not mean that we should not pursue this experiment further. At the same time, however, we will turn to another method; we want to organize the left wing of the Smallholders' Party from below as well. We shall seek out a few counties where relations between the Communist Party and the Smallholders' Party are good, where the Communist Party has sizeable peasant masses, mainly beyond the Tisza, and there, with the help of the local communists, we will organize the Left from below as well. In this way we will try to force progress to the left from below and from above at once, and thus ensure that the danger, which today is ever stronger, that the right wing of the Small-

holders' Party will absorb the center of the Smallholders' Party and with this essentially the bulk of the Smallholders' Party, is reversed so that the left wing of the Smallholders' Party absorbs the center of the Smallholders' Party, and we thereby prevent this largest party from turning to the right. This is also needed, comrades, because reconstruction is imminent. And here I will touch upon this question.

I do not want to present the figures for reconstruction here. We have already dealt with it in the press and in the radio speech. Here I want to say only that the economic preconditions for reconstruction are given. They are given mainly by the fact that the harvest, unless some catastrophe intervenes, promises to be average, in some places somewhat above average, and because the area under cultivation almost reaches that of peacetime, if not quite identical, because the area planted with grain is almost one million yokes less, yet conversely there are more potatoes, sunflowers, and corn, but taken together essentially today we are at 92–93 percent of the area under cultivation in peacetime and it is not out of the question that we could improve this by a few percentage points more. Especially if backward counties, which unfortunately include also Jász-Nagykun-Szolnok County and the northern part of Pest County, improve their harvest. In northern Pest County the situation is thoroughly unsatisfactory, but in any case the agricultural harvest—unless something intervenes—as a consequence of the May rains is holding out good prospects, promising an average, in some places a decent average harvest, while grapes throughout the country are better than average, so that in this regard the hope exists that we can reap 75 percent, perhaps even 78 percent, of the peacetime harvest.

Industrial production is somewhat worse off. The reason I say this so cautiously, that it is somewhat worse off, is because compared to 1938, which we now want to take as a starting point, the matter is rather encouraging. Our daily coal production fluctuates between [illegible] wagons, which if we multiply by [illegible] workdays, means 6–6.5 million tons in one year, and this is approximately 65–70 percent of the peacetime, 1938 quantity. Our petroleum production began in 1938 and was 42,000 tons; today it is somewhat over 700,000 [tons], which is not trifling, because the value of our petroleum production is greater than the value of our coal production. As more precise data come in, it is increasingly clear that the capacity of our industry is not below that of 1938, and everywhere a certain increase in production is occurring, in some places more, in some places less, but in any case such that, if perhaps not at the beginning of August, but during the year following August 1, the hope that it will reach, indeed,

even exceed, 75 percent of 1938 production is not exaggerated. Thus one of the critical parts of the economic base and one of the critical preconditions for reconstruction, a certain level of production, undoubtedly exists. At 75 percent production, the preparation of a reconstruction plan that ensures 75 percent of the living standard in 1938 is not an exaggeration and not a utopia. If we could devise a reconstruction that would raise the workers' living standard to 75 percent of that in 1938 and subsequently increase it by 1 percent monthly, that is an incomparable result considering today's circumstances, even if we reach only 65 percent. But in any case, considering present circumstances, that would be an unheard-of result, and since the level of production permits this, we must absolutely head in this direction.

The other condition is that we put the state budget in order, and here there is a gigantic difference between the communist and the non-communist positions. We communists want to carry out reconstruction by incorporating in this the reparations as well, which is naturally quite a significant burden, because according to our plans, too, approximately one-third of all our expenditures will have to be spent on reparations. All of the non-communist reconstruction plans start partly from the premise that reconstruction is impossible, and partly that it is only possible if we do not pay reparations or pay extremely little. But whether we take one or the other, in essence, anyone who seriously examines the question will conclude that the economic preconditions for reconstruction exist, and what is missing is the political precondition for reconstruction. Which means that, aside from the Communist Party, the other parties lack the determination to carry out reconstruction on the basis of a proportionate distribution of taxes, in other words, to put an appropriate burden on the shoulders of those strata they represent, and in addition, to jointly shoulder the odium and the unpopularity of every crucial measure, without which reconstruction initially cannot be carried out. So it is this decisive issue that will be the true trial by fire of our coalition.

From the idea that we create the political preconditions for reconstruction and force the coalition to create, in the existence of the economic preconditions, this political precondition as well, two things immediately follow. One is that we still want to maintain the coalition with all our strength. In the first place the reduction of the state apparatus requires it, because just as in the case of reconstruction, we could not complete the downsizing alone either, and in our opinion, no matter how much they reduce the tempo and the size of the downsizing, ultimately the most reactionary elements of the administration will be successfully removed during

the reduction, and this is one of the preconditions for reconstruction. For this reason we want to continue to maintain the coalition, but afterwards we can carry out reconstruction itself only if we force the other parties of the coalition also to implement by and large loyally those measures necessary for reconstruction. Therefore, when it comes to taxation, for example, the Smallholders' Party should not try to get the rich peasant or the urban capitalist, and the Social Democratic Party, let us say, the civil servants, petty shopkeepers, and capitalists, out of the burdens of reconstruction; this is a basic condition of reconstruction. We want to achieve this in two ways: one is that we must absolutely press the battle against reaction. Reconstruction will include, for example, this time a truly unrelenting fight against speculation and black-marketeering. This will be the psychological atmosphere before the commencement of reconstruction and one of the guarantees after the commencement of reconstruction that the enemies of reconstruction will not undermine the success with simple economic sabotage. Secondly, a relentless fight in politics against reaction and a resolute behavior towards the other parties, which will make them understand that we must stay together and that the political preconditions for reconstruction cannot be made more difficult.

Complicating this question is the fact that the issue of the peace settlement also falls precisely in these days and weeks. I remember the first peace settlement, the Trianon peace treaty. That brought about a feverish state in the country literally for months. Every day the widest range of rumors circulated one after the other. One minute we got back Transylvania all the way to Nagyszeben [Sibiu]: and the next the Romanians received the entire territory up to the Tisza River. Out of this each attempted to pursue his own political agenda at the time. And the situation will undoubtedly be this way today as well. The uncertainty prior to the peace negotiations is fertile soil for all kinds of reactionary propaganda and rumor-mongering. And we already feel this now. For example, because the Paris Peace Conference restored to Romania its borders with Hungary, reaction is trying to suggest that it was not worth going to the Soviet Union because, behold, nothing came of it. And this has been voiced in the press as well. I read an article of Parragi's which compares it to an enormous blow, whereas we still remember very well that one year ago, everyone would have licked all 10 fingers if the Trianon borders had been guaranteed to him. So this foreign-policy situation is what makes the battle for reconstruction more difficult for us because, by virtue of the uncertainties of the peace treaties, reaction receives an opportunity for a quite useful maneuver and could disturb the

political climate that is needed to prepare and carry out reconstruction. Now, having brought the question to the public's attention, we can actually see approximately those points where they want to torpedo reconstruction, and here, naturally, foreign-policy considerations also play a role. One is that we do not know what it will cost to maintain the Red Army, we do not know what we will receive from abroad, whether our gold and our assets taken out of the country[28] are returned to us. The answer of the Smallholders' Party, for example, regarding our reconstruction plans is lying here beside me, and this explicitly states that there can be no talk of reconstruction until we know what we will get back out of our assets that were carried off to the West. So there is no doubt that great battles will occur in this regard, and the Smallholders' Party, but most likely the Social Democratic Party as well, will attempt to place the responsibility for the unpopular measures of reconstruction on us.

As to the way this will happen, the comrades just saw the tug-of-war surrounding the Czech treaty. The question of the Czech voluntary population exchange naturally is not popular anywhere, not with us in the Communist Party either, but we accept it as a necessity and hold ourselves to this. The Smallholders' Party, however, seeing the unpopularity, is trying to conduct a policy that outwardly shows that they are not doing it of their own accord. The comrades saw the maneuver whereby they first submitted a proposal, which is essentially a rejection of it, and afterwards, when this did not succeed, they abstained from voting. If, therefore, in such a non-crucial question they take a line that is so contrary to the spirit of the coalition as

[28] Beginning in the fall of 1944, the Germans and the Arrow Cross transported a significant proportion of the Hungarian national wealth to Austria, Germany, and Czechoslovakia. Taken away was a great deal of the railway rolling stock (locomotives, cars), the ships, the most important machines, raw materials, livestock, artworks, and the gold supply of the Hungarian National Bank—a significant portion of which wound up in the American zone of occupation. The matter of returning Hungarian assets taken to the West (the value of which was estimated by the Soviets at 3 billion dollars) was discussed on several occasions at the meetings of the Allied Control Commission in Hungary, but the idea that this was the reason for the poor Hungarian economic situation was firmly rejected by the Anglo-American powers. Following the visit of the Hungarian government delegation to Washington between June 8 and 25, 1946, the American government decided to return the gold supply, which arrived in Budapest on August 6, 1946. For more, see István Vida, "Harminc tonna arany hazakerül" [Thirty Tons of Gold Comes Home], *História* 3 (1979), and János Botos, *A Magyar Nemzeti Bank története II. Az önálló jegybank 1924–1948* [The History of the Hungarian National Bank, II. The Independent Central Bank, 1924–1948] (Budapest: Prescon Kiadó, 1999), 278–283, 303–305.

well as the needs of the nation, one can imagine just how difficult it will be to force them to take the unpopular measures of reconstruction. We foresaw these difficulties, and for this reason we worked out the following plan for implementing reconstruction: we will try as much as possible to keep the coalition together. As part of this, or to achieve this, we shall strengthen the Leftist Bloc. And for this reason we are not really going to portray our reconstruction plan as a purely communist reconstruction plan. The Hungarian public of today is already aware that it was the Communist Party that launched reconstruction. For us this is sufficient; now we will share in introducing this question with the Social Democratic Party and the Peasant Party as well. We will send our proposal over to the Social Democratic Party. (I believe this already happened today.) We will send it to the Peasant Party as well, we will agree upon a common program, and thereafter we will represent it as the common program of the left wing, and as such, it will naturally be much more difficult for the Smallholders' Party to get out of it. We will see to it that everyone supports the question of reconstruction from below as well. For example, next week the trade union will go to the government and inform them that the current system of paper money, and everything connected with it, is no longer tenable and that it demands from the government the reconstruction program. This same idea, primarily the unity of the Leftist Bloc and a united aspiration for reconstruction in the unity of the Leftist Bloc, we will implement at joint rallies. The first such rally will be on May 26 in Kaposvár. Yesterday, for example, a delegation from Nyíregyháza visited me, the county secretaries of the Communist Party, Social Democratic Party, the Peasant Party, and the trade union, and they requested the Communist Party's help in establishing just such a Leftist Bloc rally in Nyíregyháza. We in fact agreed that during June we would hold this rally as well. So we will do everything to make reconstruction a joint program, and we will see to it that the Smallholders' Party also truly carries out this joint program. And we will get reconstruction done.

Naturally, the more we succeed in forcing them to carry out the absolutely necessary economic tasks, the more successful reconstruction will be. It can already be foreseen that when it comes to approving the plans, there will be colossal battles, and for these battles the Communist Party is prepared. Our program work within reconstruction and the proportionate distribution of taxes will be that we will try with all our means to distribute the burdens in such a way that the industrial proletariat and the rural poor, first and foremost the new farmers, receive proportionately less, because undoubtedly, during the war and the inflation, it was these two strata that

suffered the most and are financially the weakest. No matter how difficult our conditions are, we cannot economize so much that we do not protect the basic vital interests of the industrial proletariat and do not do the utmost in these difficult conditions to help the new farmers to strike deep roots. Undoubtedly there will be tough battles, because it can be foreseen that the other parties will protect their own strata: the Social Democratic Party, the petty bourgeoisie, the petty shopkeepers, and capital, and the Smallholders' Party the fat peasant, the big kulaks, and the decisive share of capital. And these battles will require the entire strength of the Communist Party. We asked the comrades here at this time in part so that they might see what significant battles we are facing and how difficult these tasks are, and so that it is clear to us that we are waging one of the biggest battles of the young Hungarian democracy. Whoever heard the question of reconstruction raised and the reaction this provoked knows that the opinion is widespread that the young democracy will stand or fall on this question. If we succeed in completing reconstruction—and for us the issue is that we must complete reconstruction come what may—we will have achieved another enormous victory for Hungarian democracy. For this reason all of our strength must be concentrated on this question. And we will mobilize every stratum of our party and we will see to it that, by the fall, reconstruction truly does occur. Naturally this has foreign policy preconditions as well. Above all the return of the gold in American hands is decisive. We will see to it that this also happens.

Finally I would like to raise another question, which, like socialism, we have not spoken about so far. This refers to the creation of a new International. The comrades know that the Third International[29] had to be dissolved because developments proved that it damaged rather than benefited the growth of the communist parties. Comrade Stalin elaborated his view concerning this theoretically as well. He pointed out that the Leninist theory, according to which the cause of wars under modern conditions is the uneven development of capitalist states, is beyond doubt. One state develops more rapidly, the other more slowly, and the more rapidly developing capitalist, imperialist state at a certain degree of development will raise the [idea of a] redistribution of the earth's riches, and from this ensue wars.

[29] The Communist International, or Comintern for short (also known as the Third International), was formed on March 6, 1919, and until 1943 it was this international organization that united the communist parties of the various countries. The Comintern was disbanded on May 15, 1943.

And yet, until now this was the starting point of all the Internationals. Now, if it is true that the course of the development of capitalist states is not identical, but that instead there are differences among them, then it is absolutely true that the preconditions for revolution cannot mature all at once and identically either, on an entire continent and in several countries. When Marx and Engels created the First International in 1864, they started from the assumption that all across Europe the situation was revolutionary, equally everywhere, or at least equally in the Western states, and to lead and develop this revolutionary situation, a strong, centralized International was needed. However, because their starting point was incorrect, the International would have been smashed in seven or eight years by reaction. When the Second International was established, it, too, essentially started from similar bases. Suffice it to say that it was Engels who was the founder of the Second International, the same Engels who established the First. When we arranged the Third International, I remember the trouble we went to in order to show that we wanted a centralized, strong International with executive powers, similar to how Marx imagined the International in 1864, and not just the sorting office and so on that the Second International became before World War I. And this was the catastrophe of the Third International. Because instead of every country looking separately for the conditions for revolution, and not trying the impossible task of centralizing and directing the whole movement, it directed it from the center. The result was that the parties gave up independent politics, continually looked toward the center, and waited for its instructions. This view led the comrades to announce the discontinuation of the Third International. And afterwards, now that the International has been discontinued, the parties are coming forth one after the other to say how the existence of the International limited their progress. For example, most recently we heard from our Yugoslav comrades how much they were held back by such a central institution, which, unaware of local conditions, sometimes demanded quite the opposite of what they needed. So this sort of International can no longer be established.

On the contrary, the International should be such that it does not hinder the progress of individual parties but provides a means for individual parties to execute the tasks leading to the liberation of the proletariat, while adapting to local conditions. I should immediately say that as far as this is concerned, the new International cannot be compared to the previous ones. This will not be an executive body; its task will be to compose, to help in making objections, to communicate the good or bad experiences

of one country's communist party to that of another country, so that they learn from their neighbors' experiences and losses. This will undoubtedly be very useful, as not just we, but communist parties the world over, are beginning to feel that without the exchange of experiences and objections, they cannot produce adequate plans on international questions. It is this kind of International that we now intend to establish, and this International will help rather than hinder the international communist movement. On the same note, the view will change that was widely spread at the Third International, for example, that we have to wait for the conditions for revolution to appear in at least a number of countries, and that only then can we instigate the revolution. I remember that when the situation was revolutionary in Germany in 1923, in all the neighboring countries we prepared for such revolutionary action, so that there could be a revolutionary situation in more than one country at the same time. I remember that in Bohemia, France, and other countries where the situation was not nearly so developed as in Germany, we prepared assistance programs, similar uprisings, etc. History has shown that that was wrong. Now we are going to follow another route. Here I should immediately say that not many people are aware of this interpretation of the dissolution of the International, because they did not talk about it very much in this period, and therefore completely incorrect views are spread among some of the parties. For example, when we were with the Communist Party in Czechoslovakia and we tried to reconcile the Hungarian Communist Party's line on the question of the Hungarians in Slovakia with that of the Czechoslovak Communist Party, the comrades announced the theory that the International had to be dissolved, because the international aspirations of the individual communist parties are so much at odds with each other that they could not fit into the agenda of an International. Because of this they calmly recommended to us that we attack the Czech Communist Party, while they attacked the Hungarian Communist Party. We rejected this theory. We were convinced that this was wrong, and that Stalinist reasoning would say something totally different. There is not a bit of evidence to show that the national aspirations of the particular communist parties do not fit into the International; it points to completely different reasons.

Now that communist parties everywhere have become stronger and come to the fore, the institution of the Communist International or some other international communist body is also gaining prominence. At the moment this is being disturbed by the whole list of parties preparing for elections. The comrades know that they are preparing for elections in

France, Czechoslovakia, and Romania and that our comrades there are otherwise occupied. They are also occupied with the question of peace. But as soon as the elections die down and peace is agreed upon, at that moment this will come to the fore, and then we will establish some kind of international body. One part of this concept is that in these changed circumstances, whenever a country achieves the conditions for the liberation of the proletariat or for socialism, this will be carried out, with no regard for whether the respective country is in a capitalist environment or not. This is also a new perspective, which simply means that in a country where, as a result of the work of the communist party, these conditions are present, it has to be realized. This is fresh encouragement for all communist parties, because now it will principally be dependent on their work whether or not the conditions for the liberation of the proletariat are created in their own country.

To conclude, in connection with this, we would also like to speak about the question of war, given that this third world war is one of the greatest hopes of reaction and this hope is quite strong. It is no coincidence that in his recent statements, not only on May 1 but before that as well, Comrade Stalin addressed the issue of warmongers. It is our opinion (and it is Comrade Stalin's opinion, too) that all across the world there is massive fatigue. After such a world war, another world war is not possible so quickly. It is likely that our generation will not see a new world war in the next 25–30 years. This is not to say, of course, that there will not be clashes of varying size and scope, just as there was an entire host of such [clashes] between the world wars. However, this does not mean that one must let up for even a moment in the battle against warmongers, and where such things appear they must be dealt with unsparingly. And in this regard we are undoubtedly supported everywhere by the majority of the population, precisely the politically least accessible stratum, women, so the maximum vigilance and maximum counterattack are necessary against the threat of war. At the same time, however, there is yet another fact that speaks against war, one that not only the communists know but the capitalists as well. And this is the circumstance that World War I ended with capitalism being eliminated in one-sixth of the world and the Soviet Union being established, while World War II ended with the prestige of the Soviet Union increasing unbelievably, doubt about the survival and stability of the Soviet Union was dispelled once and for all, and at the same time all over Europe the communist parties were unbelievably strengthened. And everyone knows that World War III, if it starts, could conclude with capitalism being destroyed in

Europe, so not only the communists know this, but the capitalists know it, too. And this is one of the reasons why, although capitalism toys with the idea of a world war, it is unlikely to try to make this come true.

These, my dear comrades, are our prospects. I have posed the questions quite starkly, I have shown where the weaknesses of our party are, which areas we must quickly concentrate our attention on, and I repeat once again that in addition to mass work, we face quite harsh battles, battles that require the Communist Party to flex its every muscle. Fortunately we are a battle-hardened party and are not afraid of struggle, and I am convinced that we will stand our ground in the months ahead of us as well. The decisive issue will be the economic reconstruction and everything connected with it. It is around this that every battle in Hungarian political life will center, and we shall make sure that we will fight this battle, as we have previously, triumphantly.

Source: Politikatörténeti és Szakszervezeti Levéltár 274. f. 2/34. ő. e.

DOCUMENT No. 36:

Note by the Supreme Economic Council on Provisioning and Quartering the Soviet Army

November 19, 1946

The Supreme Economic Council, for the purpose of settling disputed questions arising in connection with the provisioning and quartering of the Red Army and the demands made by the Red Army—based on the discussion with General Levushkin[30]—resolves as follows:

1.) Hotel rooms may be requisitioned on the basis of vouchers issued by the city commander, and therefore members of the Red Army are required to pay the discounted price. For this reason, in the future, the Reparations Office will not record the demand for hotels. Demands after August 1 may be reimbursed in cases where the requisition is certified by the voucher.
2.) The requisitioning of private apartments by the city commander may take place through the administrative authorities and the requisition is to be verified in writing. Compensation is, for the present, to be held in abeyance.
3.) Bills for chimney-sweeping certified by the Russians may be settled by the Reparations Office.
4.) The Reparations Office absolutely cannot reimburse the costs of obtaining supply items (household appliances, soaps), the costs of laundering bed linens and underwear, and the costs of shaving, use of baths, clothing, and shoe repairs; these the officer or soldier of the Red Army is obliged to reimburse out of his pay or allowance. Exceptions to this are water, gas, and electrical work based on central Hungarian and Russian permission, which may be carried out under the supervision of the local Hungarian authorities and the verified costs of which may be reimbursed.
5.) Employment of interpreters, chauffeurs, cooks, cleaning women, woodcutters, and movers is forbidden. Expenses may not be allocated under this heading in the budget of public institutions.

[30] Major General Ivan Ivanovich Levushkin (1899–1963) was chief of staff of the Allied Control Commission in Hungary.

6.) Personal and freight vehicles may not be requisitioned for incidental deliveries, and therefore compensation may not be paid either.
7.) The repair of Russian vehicles and weapons cannot be reimbursed by the Reparations Office.
8.) Medical and nursing costs and costs of medications cannot be reimbursed by the Reparations Office.
9.) The costs of provisions demanded and fulfilled over and above the compulsory delivery may not be reimbursed by the Reparations Office.
10.) Fees for slaughtering carried out by Russians and refrigeration in rural abattoirs will be reimbursed by the Ministry of Public Supply against credit transferred for supplying the Red Army.
11.) The compensation for heating fuel (coal and wood) may be reimbursed only in the manner prescribed by the Reparations Office, on the basis of documents verified by the Russian and Hungarian local authorities.
12.) Motor fuel may be allocated and reimbursed only on the basis of Russian central authorization and the special permission of the general secretary of the Supreme Economic Council.
13.) Gas, water, and electricity fees may be reimbursed in the case of quartering in barracks; public utility fees arising in requisitioned private apartments are to be paid, in the case of forced billeting, by the Reparations Office, and otherwise by the requisitioning Red Army officer or soldier.
14.) Repairs to buildings and reconstructions both in Budapest and in the countryside may be carried out only on the basis of Russian central authorization and Hungarian central authorization granted on the recommendation of the Reparations Office. In the countryside, construction works are overseen by the state architectural bureaus and the organs of the Ministry of Construction and Public Labor. The Reparations Office will reimburse the verified expenses of work carried out on the basis of the authorization.
15.) Russian and Hungarian central authorization is likewise necessary for establishing heroic monuments and cemeteries, and reimbursement will also take place in a similar fashion.
16.) At present the Reparations Office cannot pay for incidental previously requisitioned and removed property or damages that occurred during military exercises; nor may it keep a record of such claims.

The Supreme Council will inform the prime minister, the foreign minister, the interior minister, the finance minister, and the chairman of the Reparations Office of this.

Signed: Dr. Rácz

Source: MNL OL XIX-J-1-j SZU TÜK IV-483/1-1946 (Box 24.)

DOCUMENT No. 37:

Memorandum on the Economic and Financial Situation of Hungary

May 17, 1947

The Soviet penetration into Hungary had serious political and economic consequences. It contributed to a drastic restriction on sovereignty and national independence, as well as to the country's communist transformation. Moreover, Soviet economic demands placed a significant strain on the country's relations with the Western world and played a significant role in the deterioration of Hungary's relationship with the United States. The sabotage trials involving American citizens created an inimical relationship between Hungary and the leading power of the Western world. These trials were connected to the transformation of the economy on the Soviet model through the ideological imperative that no capitalist economic interest be allowed to survive. But it would be an error to see only ideological considerations behind this. The interplay of "practical" and "ideological" factors, to use George Lichtheim's words, can be detected. But nor was the motive of profit lacking either. Here can be mentioned the approximately 380 million dollars in reparations and the 150–180 million dollars paid for damage to German property, as well as the maintenance of the Soviet Army, which, based on the available figures (510 million forints in 1946–1947, 180 million forints in 1948) in the decade following the Soviet occupation, may be estimated at 2.6 billion forints. Only a few figures are available regarding goods carried off as war booty, the value of which may have been tens of millions of dollars. Additionally, 45 million dollars' worth of goods had to be paid for the debts of German companies in Hungary, and another 14 million dollars' worth based on the 1949 exchange of shares. The purchase of Soviet firms in 1952 cost the Hungarian treasury 990 million forints, to which was added the sum to be paid for the joint companies bought back in 1954, part of which the Soviet Union waived; the two altogether represented nearly 1.8 billion forints. The transfer of the Soviet-owned firms may be put at some 55–60 million dollars. Taking into account the official dollar/forint exchange rate, the payments made to the Soviet Union in any event exceeded 1 billion dollars, or five times the sum established as reparations. The final figure, however, may never be known.

For Hungary the war has had extremely dire consequences. According to a survey conducted by the Central Bureau of Statistics, the war caused damage to the Hungarian national income valued at a total of 22 billion 1938

pengős (which, calculated at the official rate with surcharge and rounded off, is 4,300 million dollars). The majority of this damage was a consequence of military operations; however, the damage caused by the Germans and Arrow Cross[31] men, including the goods transported out of the country to the West, may be put at more than 6 billion pengős.

From the economic point of view, among wartime damages it is primarily those affecting production and transportation that have significance. These the Bureau of Statistics puts at a total of 10.2 billion pengős with the following distribution:

	In millions of 1938 pengős
Agriculture	3,682
Mining and metallurgy	65
Manufacturing	2,042
Light industry	727
Transportation	3,689

Of the damages listed, fully 2.5 billion pengős went to the supplies of produce, materials, and goods, and 1.5 billion to livestock.

This great wartime destruction was the main reason that, after the war, production started only with great difficulty and at a quite low level. But other circumstances also played a role in this, including the absence of a significant part of the labor force, due to military captivity or being shipped to the West; the temporary paralysis of money circulation and the virtually complete cessation of credit activity; the paralyzing effect of the military occupation; and so on.

Today two years separate us from the conclusion of the war. During this time, with great effort, we have managed to reach the point that, in the year 1946–47, the national income has attained 62 percent of that in 1938–1939, that is, a full 12 billion forints (1,200 million dollars). Although this is undoubtedly a significant accomplishment compared to the spring of 1945, even this national income makes possible only a barely tolerable standard of living. For it cannot be overlooked that the Hungarian living standard already prior to the war was extremely low. According to Colin Clark's calculations, between 1925 and 1934 the average national income per worker as

[31] The Arrow Cross (*nyilasok* or *nyilaskeresztesek* in Hungarian) were adherents of the right wing radicalism that evolved in Hungary in the 1930s; they received their name from their emblem.

expressed in dollars of identical purchasing power calculated on the basis of American prices for the years 1925–1934 was as follows:

United States	1,397	dollars
England	1,069	"
Switzerland	1,036	"
Holland	855	"
Sweden	695	"
France	694	"
Belgium	600	"
Hungary	359	"

We may outline the size of production in the individual production branches, as well as the main obstacles to increasing production, as follows:

Our agriculture lost most of its animal stocks and suffered great damage in machinery and other equipment as well. The lack of manure and draft power that has arisen as a consequence of this make proper cultivation of the land impossible; because of the capital shortage in agriculture and wartime damages to the lone Hungarian artificial fertilizer plant, at present the substitution of artificial fertilizer for manure can hardly come into consideration either. Adding to these problems was the temporary, production-paralyzing effect of the land reform, affecting 51 percent (3,015,000 hectares) of arable land, gardens, and vineyards, as well as the extremely unfavorable weather conditions of the past two years. The figures below show the decline that occurred in arable production:

	1.	2.	3.	4.
	1938	**1945**	**1946**	**Column 3 as a % of Column 1**
	million q			
Wheat	26.9	6.6	10.0	37.2
Rye	8.0	3.0	3.7	46.3
Barley	7.2	4.4	4.0	55.6
Oats	3.1	1.7	1.7	54.8
Corn	26.6	18.7	13.5	50.8
Sugar beet	9.7	1.8	4.9	50.5
Potatoes	21.4	16.9	12.5	58.4

The following figures illustrate the decline that occurred in livestock:

	Cattle	Horses	Pigs	Sheep
	stock in 1000s			
May 31, 1938	1,882	814	3,110	1,629
May 31, 1945	1,070	329	1,114	328
May 31, 1946	1,104	401	1,315	353

Parallel to the decrease in livestock, milk, meat and fat production also declined. The quantity of the latter products available for consumption varies between 36 and 63 percent of that for 1938–1939, as shown by the figures below:

	1.	2.	3.
	1938–1939	**1946–47**	**Column 2 as a % of Column 1.**
	1,000 q or 1,000 hl.		
Milk	11,280	6,970	61.8
Fat	1,228	780	63.5
Meat	3,802	1,378	36.2

One of the consequences of the low level of agricultural production is the unfavorable development of nutritional conditions; another is the severe shrinking of agricultural exports. The deterioration of nutritional conditions is best shown by the fact that in the year 1946–47, a mere 11.9 million q of wheat and rye were available for domestic consumption, as opposed to 19.25 million q in 1938–1939. The available quantity was not capable of covering even the requirements resulting from the severely reduced rations, which would be 15.57 million q. Part of the 3.86 million q shortfall that results in comparison to the needs calculated based on rationing, we made up for in corn and barley. In early May the shortfall still expected until the end of the business year amounted to 510,000 q, of which the prospective wheat and flour imports would cover 130,000 q. There were 3.5 million q less potatoes, 2.5 million q less meat, 0.2 million q less fat, and 4.6 million hectoliters less milk available for domestic consumption than in 1938–1939, while it should be noted that Hungarian fat and dairy consumption was substantially lower than what is desirable.

It is characteristic of the decline of agricultural exports that, while in the year 1938, we exported 330 million pengős worth of agricultural items and products of the agricultural industry, in 1946 the exported quantity of such items amounted to 202 million forints, which, when appraised in 1938 prices, may equal at most 34 million pengős. The situation improved somewhat in the first three months of 1947, when agricultural exports totaled 92.7 million forints; however, this result, too, when calculating in 1938 prices would equal at most 62 million pengős, since when converting to pengős we must divide present export prices by at least six.

Although our manufacturing equipment suffered extremely grave damage, it is not the lack of production capacity that is the main obstacle to our industrial production today. Our industrial production capacity rose significantly from 1938 to 1943, after repair of some of the wartime damages; today it now stands at approximately the 1938 level. In most branches of industry, however, we are far from fully utilizing the production capacity. The main limiting factors on industrial production are the insufficiency of coal production, the lack of raw materials, and the lack of capital.

Our coal production since the stabilization has risen significantly. In the first quarter of this year, it had already reached 89 percent of the average for 1928. It must be taken into account, however, that the caloric value of the current coal is smaller than of that produced before the war. The average heating value today is 3,781 calories, in contrast to 3,978 calories in 1938. However, out of the smaller quantity of coal, we are also able to allocate proportionately less to industrial production than in 1938. The quantity of coal allocated to industry in March 1947 was only [*blank*] percent of the monthly average in 1938.

The production trends in the individual branches of industry display great differences, which is explained primarily by the differing conditions of the raw-material supplies. Production of the iron, metallurgical, and manufacturing industries stands at a relatively high level, which may be traced back to the fact that these are the industrial branches burdened by the overwhelming share of reparations production and a significant part of reconstruction production. Because the requirements of the reparations and reconstruction are of primary importance in our industrial production, it is understandable that it was primarily in these branches of industry that we had to concentrate our efforts. It stands at a relatively high level in a part of the textile industry, in particular the cotton industry, as well as the chemical industry. By contrast, the situation is extremely unfavorable in the woodworking industry. On average our manufacturing production in March 1947

amounted to approximately 70 percent of production for the year 1938. In the industrial branches that achieved the biggest production, iron, metal, and manufacturing, production may have been about 85 percent of that in 1938.

It is not possible to form an accurate picture of the Hungarian economic situation, the development of living standards in Hungary, or Hungary's economic capacity if we do not take into account those special burdens that are encumbering the Hungarian economy as a consequence of the war and the peace treaty, as well as through foreign debts incurred prior to the war. A quantitative estimate of these burdens is very difficult, on the one hand because quantitative data are available for only some of these burdens, and on the other hand because the timetable for fulfillment has not been determined with regard to the greater part of the obligations abroad.

As a consequence of the war's devastation, the reconstruction of the country's economic life imposes a quite serious burden on the country. With the aim of having production as well as reconstruction and economic development directed according to plan, the Hungarian parties have worked out a three-year economic plan whose implementation will commence in August of this year. The plan has not been finalized; its investment needs for the three years total approximately 6,300 million forints, of which not quite one-third is due the first year.

Among the obligations falling on Hungary as a result of the peace treaty, we must mention first of all the reparations obligation, according to which Hungary is required to deliver goods valuing a total of 300 million dollars over eight years. The goods to be delivered in 1947 represent a value of 29.6 million dollars, and goods to be delivered in 1948 represent 37 million dollars. These figures do not include the shares of the Petrozsényi Coal Mine Co. under liquidation in these years. The reparations deliveries hitherto have represented a significantly greater burden, mainly for two reasons: 1) the delivered goods, in accordance with the provisions of the armistice agreement, were calculated at prices increased by 10 percent over 1938 world market prices, and by 15 percent in the case of industrial equipment, whereas since 1938 prices have risen by much more than 15 percent; 2) world market prices in 1938 were significantly lower than the manufacturing costs of Hungarian industry.[32]

[32] In 1947 the Ministry of Industry established the Reparations Appraisal Commission (Jóvátételi Értékelő Bizottság), which, with the involvement of Professor Kálmán Kardos of the Technical University and of every interested bureau, had drafted the first thorough report on the divergences between the 1938 world market prices and

According to the data of the Reparations Office, in reparations to be fulfilled in the year 1947, one dollar would cost on average 34.3 forints, whereas according to the monetary standard one dollar is equal to 11.74 forints. In reparations to be paid to the Soviet Union, the average exchange value would be 37 forints, that to be paid to Yugoslavia 33 forints, and the reparations to be paid to Czechoslovakia 25 forints in industrial reparations and 33 forints in agricultural reparations.

In the nine months of the 1947–48 fiscal year that have elapsed thus far, the state has paid out 680.6 million forints for reparations and also owes the transport companies a sum of 62.3 million forints. Thus, in three-quarters of a year, reparations payments have resulted in a deficit in the state budget of 742.9 million forints, which if recalculated for one year would correspond to 990.5 million forints.

The expenses of the Allied Control Committee and the army of occupation today represent a severe burden on Hungary. During the past nine months, the Hungarian state has spent 326.5 million forints on these purposes, and beyond this there remains a further debt of 26.4 million forints. Recalculated for one year, these sums altogether correspond to 472 million forints. With the coming into force of the peace treaty, these burdens will foreseeably cease, but with the coming into force of the treaty, the following severe debit items will befall Hungary.

Under the terms of Article 26 of the peace treaty, Hungary is obliged to pay compensation for damages that occurred to the property of citizens of the United Nations. Precise figures on the magnitude of the damages are not yet available; some estimates put these at 150–200 million dollars.

Under the terms of Article 27 of the peace treaty, Hungary owes restitution to persons who suffered confiscations or control measures because of race, origin, or religion. The quantitative size of these burdens cannot be determined; however, they undoubtedly represent a severe burden to Hungary.

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those established in the reparations agreement by November 30, 1947. The commission reconstructed the 1938 world market price for 50 percent of the 160 goods included in the reparations, which, however, amounted to 85 percent of the reparations volume. It was established that the actual prices were 1.86 times higher than the prices set out in the reparations treaty (e.g., five times higher for the power plants). This meant that Hungary overpaid by 123,387,000 dollars. Calculating with the 1946–1947 world market prices, however, the Hungarian government's loss or reparations overpayment was 283,387,000 dollars.

Article 29 calls for the liquidation of Hungarian assets abroad and the compensation of Hungarian owners affected by the liquidation. Quantitative data on the size of the assets in question are not available.

Under the terms of Article 30, Hungary must waive claims against Germany and German nationals arising after September 1, 1939. Hungary's active balance deriving from Hungarian-German financial transactions is 1,050 million marks; to this is added pengő demands resulting from German military expenses, which, after deduction of the German demands that can be raised under the same heading, can be put at 2,000 million pengős and correspond to 1,480 million 1938 pengős. The damages caused by the German army, as well as those produced as a result of the measures of the German military and civilian authorities, amount to 4,574 million 1938 pengős.[33]

Under the terms of Article 32, Hungary has not only relinquished claims against the Allied and Associated Powers based on the war or acts of war, but it has also obliged itself to pay compensation to those persons who made materials or services available to the Allied forces in Hungary or have claims to compensation against the Allied forces not deriving from warfare. The size of the compensation obligation likewise cannot be determined.

Finally, we will mention here the provision of Article 28 according to which German property in Hungary is transferred to the Soviet Union. This transfer in itself would not represent a burden on Hungary; however, in connection with the transfer, the Soviet Union has raised claims against Hungary that exceed the value of the transferred German property.[34]

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[33] Based on this article, Hungary was obligated to repay its debts owed to Germany, as well as the debts of companies in Hungary to Germany, to the Soviet Union. On such legal grounds 45 million dollars in total was paid out.

[34] The handover of German assets in Hungary was managed by a Hungarian–Soviet joint commission formed to carry out the Potsdam Conference. In July 1945 the Soviet Union received 280 properties classified as German. Under the terms of the ceasefire agreement, Soviet assets in Hungary had to be preserved by the Hungarian government based on the instructions of the ACC. The ACC issued no instructions regarding this; indeed, the Hungarian side learned only immediately prior to the handover what constituted German assets according to the ACC. Despite this, based on this part of the ceasefire agreement, the Hungarian government by November 1947 had paid out more than 12 million forints to the Soviet Union; MOL XIX–A–10 68. d. Memorandum concerning the Handover of German Assets in Hungary to the Soviet Union, November 12, 1947. According to the data published by *Népszabadság* in 1957, Hungary paid the Soviet Union 150–180 million dollars for damage to German assets.

Hungary's prewar foreign debts in foreign currency amount to a sum of 1,764 million pengős, a sum that corresponds to 6,126 million forints. Although Hungary's economic solvency at this time does not make it possible for it to service the debts, as a consequence of pressure exerted by foreign creditors, Hungary could not avoid commencing the debt service, even if in a quite limited scope. Refusing to do this was not possible, if for no other reason than because, in its present difficult situation, Hungary is especially strongly dependent on the support of foreign capital, which it cannot count on if it does not honor its old debts. The probable amount of the debt service today still cannot be determined; however, it appears we must reckon with a debt service amounting to 2 percent of the capital outlay (120 million forints).

The lowest conceivable projection appears to be if, under reparations and international obligations, we calculate 1,500 million forints, and under investment and other capital requirements, 2,000 million forints in the year 1947–48. The resulting deficit of 3,500 million would demand 25 percent of our national income, even if we succeed in increasing the national income by 20 percent compared to that for the year 1946–47 (from 11.8 billion to 14.2 billion forints). However, the likelihood is that the burdens in question will require more than this, even if we consider only payments owed to foreigners and do not regard compensation to be paid to Hungarian nationals as a burden on the Hungarian economy. It is to be noted that in this calculation, national income is valued at the official price index of November 1946. Since then the Hungarian price level has increased. From late November to late April, the wholesale index number increased by 9 percent (from 101.3 to 110), while the cost-of-living index number, calculated taking into account rents, [increased] by 13 percent (from 111.6 to 125.9). Naturally, we would obtain an even higher price level if, in addition to the official prices, we took into account black market prices. As for the future, we must likely reckon with a higher price level than that of November 1946 in the year 1947–48 as well. As a consequence, not only national income itself but also the burdens in question will amount to a higher sum expressed in forints.

One of the consequences of the great burdens weighing upon the Hungarian economy is the low standard of living. Because before the war, investments and international obligations demanded a much smaller percentage of the national income than today, the quantity of goods available for consumption in comparison to the prewar figure shows a much greater decline than that appearing in the national income.

However, the burdens weighing upon Hungary not only depress the standard of living but also hinder economic development and also endanger the hard-won stability of the Hungarian currency. One of the consequences of these burdens is the strong decline of Hungarian export capacity. Since a significant portion of our industrial production serves reparation and investment purposes, our industrial exports, like our agricultural exports, are quite low. Thus our exports are unable to reach the level necessary for us to import the foreign raw materials that form the precondition for economic development. Our commodity exports since the stabilization have been around 60 million forints per month, which does not even reach one-third of the prewar monthly average. In 1937 and 1938, as a matter of fact, the average monthly total of our exports was 46 million pengős, a sum which, taking into account the price changes that have occurred since then, would today equal at least 276 million forints, six times the pengő amount. Although the average price level expressed in forints shows a minor increase, it may be put at approximately four times that of the prewar [level]; export and import prices rose much more sharply than the average.

Because of the limited nature of our export opportunities, it may be feared that, although the country wants to make every effort to increase its economic productive capacity and fulfill its reparations obligations, these aspirations will not be fully achievable because of the lack of foreign currency and import difficulties. In the past the aforementioned difficulties were counterbalanced somewhat by the fact that after the end of the war, we possessed certain reserves of raw materials and foodstuffs, [and] a large role was played by various subsidies received from abroad as well. In the future we intend to increase our export capacity primarily through control of production and economic development as envisioned within the framework of the Three-Year Plan. However, for this endeavor to attain the desired result, there are two essential preconditions: 1. that no burdens weigh on the country that hinder the economic effort necessary for reaching the goal; 2. that the international community, by extending sufficient credit, promote the growth of our raw material imports until we are able to pay for them with our exports.

The consequences of the disparity between the country's economic productive capacity and the burdens on the country appear quite markedly in the area of finance as well. An extremely difficult situation arose in this area after liberation. The tensions inherent in the Hungarian economic situation after the war appeared with such great force that a move towards large-scale inflation became inevitable. Inflation in Hungary began already

during the war; however, only in 1944, after the German occupation, did it begin to take on greater proportions. At the end of 1944, the number of banknotes in circulation amounted to 10,672 million pengős, approximately 14 times the quantity of banknotes in circulation in this same territory before the war. Whereas before the German occupation, the state had been able to cover the majority of its expenses from public utility revenues, after the war only a tiny fraction of the state expenditures (6.7 percent on average in the second half of 1945) could be covered from public utility revenues. On the one hand, this unfavorable result was the consequence of the extreme burdens weighing upon the state budget (reparations, occupying army, supplying the ACC, etc.). On the other hand, it can be traced back to the fact that, as a result of the reduction in national income and the unsatisfactory functioning of the taxation apparatus paralyzed by the consequences of the war, state revenues shrank to an extremely low amount. Covering almost the entire amount of state expenditures by issuing banknotes quite soon gave inflation such momentum that as early as the end of 1945 it had become uncontrollable, while in the summer of 1946 it assumed practically unprecedented proportions. Illustrating the extent of the deterioration is that the new monetary unit introduced during the stabilization on August 1, 1946, the forint, based on the official conversion rate, was equal in value to 400,000 quadrillion devalued paper pengős.

Under the circumstances outlined [above], stabilization carried out relying almost exclusively on domestic resources appeared to be a quite bold undertaking; however, the utterly out-of-control inflation made it necessary for the stabilization to be attempted even if not every precondition was present. Undoubtedly, much of the success of the stabilization was due to the fact that the burden of the reparations was temporarily alleviated as a consequence of the extension of the timetable for the reparations payments and the introduction of the so-called progressive scale. But the fact that our gold reserves, valued at 32 million dollars, were returned to us by the government of the United States also had great significance. With this the government and the central bank acquired the means by which they could not only improve the commodity supply situation but could successfully take up the fight against speculation as well. An important role was allotted furthermore to goods received as part of various charitable campaigns, as well as from army surplus property of the United States, and likewise to supplies of goods produced in the inflationary period but held back by the producing companies, with the help of which it was possible to substantially reduce the disparity between pur-

chasing power and supply. Nevertheless, the most significant means of success for the stabilization has been the lowering of living standards to a level corresponding to the conditions of production and supply. This same principle has prevailed in the state budget. Since the reduced reparations, along with the other burdens assumed in the armistice treaty (supplying the Allied Control Commission and covering the requirements of the occupying army), still required more than 40 percent of the revenues the state could produce, balance in the state budget could be achieved only with an unsparing reduction in domestic necessities, particularly personal expenditures.

The stabilization budget, which the government submitted to Parliament only in December 1946, but which by and large had served as the basis for the management of state finances in the preceding months as well, estimates the revenues and expenditures of the state budget as follows:

1. State administration

Expenditures	2,753.2 million forints
Revenue	2,496.1 million forints
Balance	257.1 million forints

2. State enterprises

Expenditures	1,667.5 million forints
Revenue	1,549.8 million forints
Balance	117.7 million forints

The budget of the administration and the enterprises calculates a total difference of 375 million forints, of which 300 million forints are covered by the credit obtained from the National Bank in the days preceding the stabilization.

Abroad, where the details are unknown, it may appear surprising that the country, weakened by the trials of the war and having gone through unprecedented inflation, was able to set up an almost completely balanced budget all at once. In reality, however, the situation is that even if the stabilization has succeeded up till now, and even if we do have reason to hope it will endure, we face grave problems in the areas of state budget and finance.

As far the budget itself is concerned, it cannot be ignored that in the budget itself, balance is provided by a total of 735 million forints, that is, revenue based on the issuance of banknotes in excess of 25 percent of the projected administrative expenditures and the shortfall of the enterprises.

Besides the central-bank credit of 300 million forints used to cover the deficit shown, this includes the state's share of 270 million in the central bank's revaluation surplus, which was listed as non-recurring revenue and forms part of the total revenue of 2,496.1 million forints. It also includes the coinage profit, projected at 90 million forints. And it was not really possible to consider another solution concerning the uncovered 75 million of the projected 375-million-forint deficit either. Covering a part of state expenditures by issuing currency made it possible for inflation to destroy the money supply almost completely. All payment instruments in circulation on the day before the stabilization, July 31, 1946, were equivalent to a mere 13 million forints, or calculated based on purchasing power 3 million pengős, whereas at the end of 1937, on the present-day Hungarian territory, banknotes and coins totaling 473 million pengős were in circulation. After the stabilization, the money supply must naturally attain the normal level, which alongside the present national income and present price levels, may be put at some 1,200–1,300 million forints. There was no obstacle to the state acquiring some of the banknotes being issued, while the coinage profit of course belongs to the state.

As long as this money creation does not result in an increase in the money supply above the level dictated by the size of production and the national income, increase in state expenditures in this manner does not mean inflation. In judging the state budgetary situation, however, it must be taken into account that the money supply today has attained the level considered to be normal with the present conditions of production (on April 30 it was 1,258 million forints), with the result that resorting to these means in the future would no longer be worry-free or could be considered at most within quite narrow parameters.

Unfortunately, we still have not succeeded in fully achieving balance in the state budget. After the large deficit of the first two months prior to the stabilization, the sum of the state's administrative portfolio revenues not based on the issuance of banknotes or loans has already closely approximated the sum of expenditures. In the first four months of the current calendar year, the state's administrative expenditures, along with the shortfall of the state enterprises, on average amounted to 319.7 million forints monthly, whereas the average monthly sum of administrative revenues, as well as portfolio revenues not based on the issuance of banknotes or loans, was 273.3 million forints. The average deficit, totaling 46.4 million forints, amounted to 14.5 percent of all administrative expenditures, as well as of the shortfall of the enterprises, which hovers at a quite low level.

The reason for the state budgetary shortfall is not on the revenue side. Revenues developed substantially more favorably than what was forecast. Nine-twelfths of the administrative revenues projected in the budget equals 1,297.8 million forints, whereas in the first nine months of the fiscal year, 1,716.1 million forints flowed in, meaning an amount 32.2 percent larger than that projected. Compared to the forecast, portfolio revenues also increased significantly, by 16.2 percent, which in nine months reached 542.8 million, as opposed to the 467.1 million for three quarters of the year. The reason for the shortfall is an increase on the expenditure side even stronger than on the revenue side. This may be traced back to the fact that, on the one hand, certain expenditures in the budget were projected by too low an amount, and on the other, unanticipated expenditures arose. The payments based on the armistice agreement were projected by too low an amount; according to present calculations these will amount to some 560 million more than the sum of 968 million projected in the budget. It was necessary to increase the sums allocated for investments as well. The deficit and investment requirements of the nationalized heavy industrial enterprises, as well as the needs of the equalization fund serving to bridge the difficulties deriving from foreign trade, represented unanticipated new expenses.

The government is doing everything to eliminate the state budgetary deficit. On the one hand, new taxes have been introduced (property tax, excess profits tax, motor vehicle tax, sales tax on rice). On the other hand, a better elaboration of the taxes that have already been introduced has been implemented. However, despite every attempt, it appears doubtful that the deficit could be eliminated by year's end. In the next financial year the launching of the Three-Year Plan will result in an increase in burdens on the state budget. To cover this excess burden the introduction of a capital levy is planned. Even if the capital levy is introduced, we must expect the state budgetary deficit to represent a serious and grave problem.

Using credit not deriving from the issuance of banknotes to cover the deficit could not be considered because of the low level of deposit creation. In late April 1947 the holdings of the financial institutions in Budapest and the Postal Savings Bank totaled 561 million forints, of which only 110 million forints went to savings deposits. This deposit portfolio was formed in its entirety after the stabilization, because the previous deposit portfolio was completely destroyed as a consequence of the rapid price increases in the last weeks of the inflation. In the last three months deposit creation totaled an average of 58 million forints. It does not seem likely that the monthly deposit creation will reach a sum much larger than this in the

immediate future. Aside from the not-large sums flowing in from credit repayments, the credit requirements of our economic life today are dependent on this minute deposit creation, unless we want to make use of the credit of the central bank.

However, this deposit creation can satisfy only a small part of the emerging, economically justified credit needs. Under such circumstances it would mean the crippling of economic life if the state were to make use of this minute deposit growth in part or in whole.

Thus, to cover the deficit in the state budget, central-bank credit is practically the only option, unless we consider the not very likely case that the state budget deficit might be covered with the help of foreign loans. Furthermore, a situation may arise in the future, too, especially during the great economic effort envisioned in the Three-Year Plan, that part of the credit needs of the private economy are also satisfied by central-bank credit. However, as we have already pointed out, utilizing central-bank credit for such purposes without the threat of inflation is possible only within quite narrow parameters. Only an increase in the money supply that is justified by an increase in production can be safely utilized to satisfy the credit requirements of the state or the private economy.

Source: MNL OL, XIX-L-1-k, Box 246.

DOCUMENT No. 38:

Memorandum on Expenses Related to the Maintenance of the Soviet Army

March 8, 1948

According to Resolution No. 11/1948 of the Supreme Economic Council, the costs of quartering the units withdrawing within 90 days from the ratification of the peace treaty, and subsequently of those staying behind to secure lines of communication, are the responsibility not of the Hungarian government but rather of the Soviet side, and the committee to be formed under the terms of the resolution has received a summons to discuss this question with the Russians.

The committee, under the leadership of the Foreign Ministry, fully prepared the material for discussion. The establishment of contacts with the Soviet governmental organs was delayed because notice was given of the arrival in [Buda]Pest of Deputy Foreign Minister Dekanozov,[35] with whom this question could be discussed in its main theoretical aspects and, following this, the subcommittee designated by him could work out the details.

The deputy foreign minister has arrived, and it appears necessary that this question also be raised at the negotiations to be headed by him.

On the sixth day of the current month, the Hungarian inter-departmental committee will hold a meeting and prepare a memorandum for the finance minister, briefly indicating the main theoretical points of the material to be discussed, and it requests that the finance minister put this matter on the agenda and that he ask the Soviet side to provide an opportunity to discuss the details within a subcommittee as soon as possible, since maintaining the present unsettled state of affairs is not desirable, either from the point of view of the state treasury or the private entrepreneurs.

The figures below provide information on the expenses related to quartering the Red Army:

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[35] Vladimir Georgievich Dekanozov (1898–1953): Soviet politician and diplomat; ambassador to Hungary (1940–1941). Between 1939 and 1946 he served as deputy people's commissar for foreign affairs and later, until 1951, as deputy head of the Chief Directorate for Soviet Property Abroad (GUSIMZ) under the Council of Ministers of the Soviet Union. In 1952 and 1953 he was a member of the Radio Committee under the Council of Ministers. In 1953 he was minister of internal affairs of the Georgian SSR. Executed in 1953 for belonging to Beria's clique.

Payments made by the Reparations Office from Aug. 1, 1946 to Sept. 15, 1947:	511,295,917.48 Ft
Monthly average:	37,873,775.22 Ft

Paid out from Sept. 15 to Dec. 15, 1947 for quartering the Red Army, etc.	17,046,461.71 Ft
Submitted but unpaid bills:	687,955.72 Ft
	17,734,417.43 Ft
Monthly average:	5,911,472.47 Ft

From December 15 on, the sum of the expenses approximately corresponds to the average monthly figure of 5.9 million, but payouts have not yet occurred.

Statement

of monthly allocated sums from August 1, 1946, to February 1, 1948

1. Industrial provisions for the Red Army.
2. Food provisions for the Red Army.
3. Support of public institutions in relation to quartering the Red Army.
4. Transport of the occupying troops.
5. Telecommunication services to be provided to the Red Army.
6. Cash supply of the Red Army (pay).
7. Cost of supplying the Soviet forces after the entering into force of the peace treaty.

Summary

1.	48,373,031.36 Ft	monthly	average	3,583,187.51 Ft
2.	97,229,025.78 Ft	"	"	7,202,150.05 Ft
3.	5,878,204.28 Ft	"	"	435,422.54 Ft
4.	200,378,931.60 Ft	"	"	14,842,883.82 Ft
5.	40,362,693.28 Ft	"	"	2,989,829.13 Ft
6.	119,074,061.18 Ft	"	"	8,820,300.83 Ft
Total:	511,295,917.48 Ft	"	"	7,873,773.88 Ft

Signed: Dr. Diósszilágyi

Source: MNL OL XIX-J-1-j SZU TÜK IV-483 (Box 24.)

DOCUMENT No. 39:

Transcript of Soviet–Hungarian Negotiations regarding Payment of Services Rendered for the Soviet Occupation Forces[36]

May 1949

During talks held in Undersecretary Antos's[37] office on April 20, 1949, General Remizov promised to make arrangements for an examination of the Hungarian demand arising from the settlement of accounts relating to utility, railway, and telecommunications services provided to soldiers and contract employees belonging to the units of the Soviet Union securing the lines of communication during the period extending from December 16, 1947, to December 31, 1948.

On May 5 of this year, a committee composed of four Soviet officers arrived in Budapest from the Soviet High Command in Vienna to negotiate the disputed questions. By name, these are the following:

The head of the committee: Major V.I. Vulfovich
The expert on public utility services: Captain Zherebtsov
The expert on MÁV services: Captain V.M. Chusov
The expert on telecommunication services: Major J.B. Zinger

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[36] Article 22 of the peace treaty signed on February 10, 1947, with Hungary stipulated that all Allied armed forces were to withdraw from the territory of Hungary within 90 days after the peace treaty went into effect, though the Soviet Union retained the right to keep on Hungarian soil armed forces that it might need to maintain the Soviet army's communication lines with the Soviet zone of occupation in Austria. For the services utilized by the units securing the lines, the Hungarian government should have been paid compensation. Delegates for the two governments held negotiations over this on several occasions, but only partial results were achieved.

[37] István Antos (1908–1960): in 1945 he was chief auditor of the Center for Financial Institutions and later was appointed general secretary of the National Economic Council. From November 23, 1945, to January 27, 1951, he was political undersecretary in the Ministry of Finance. He had a large role in preparing the way for the stabilization and in drafting the first Three-Year Plan. In August 1946 he was government commissioner of the Hungarian National Bank. On January 27, 1951, he was appointed deputy to the minister of finance. Between April 25, 1955, and October 1956, he was head of the HWP CC Planning and Finance Department. From November 16, 1956, on, he was first deputy for the minister of finance in the Hungarian Revolutionary Worker-Peasant Government; then from May 9, 1957, until his death he was minister of finance. From June 29, 1957, to January 15, 1960, he was a member of the HSWP CC, then between June 29 and December 5, 1959, he was an alternative member of the HSWP CC.

In addition, the delegate of the Soviet Army Group Headquarters in Budapest, Major Shurigin, participated in the deliberations as an observer.

The Hungarian delegation was composed of the following persons:

The head of the committee: Dr. Lajos Balthazár (Ministry of Finance)

The presenter on public utility services: Dr. József Gáspár (Reparations Office)

The presenter on MÁV services: Tivadar Elek (Railways Department, Ministry of Transport)

The presenter on postal services: Dr. Antal Welter (Postal Department, Ministry of Transport).

In addition, the section head of the Ministry of Finance, Lajos Rácz, participated in the consultations as an observer.

Prior to the commencement of the talks, the head of the Hungarian delegation through Major Shurigin asked that his thanks be communicated to General Remizov, whose understanding and goodwill had made such a quick discussion of the pending questions possible. As an agenda, he proposed that, in the interests of utilizing the time available, three subcommittees be formed to discuss the specific questions in their details. This motion was accepted by the Soviets.

Below we will review the questions relating to the settlement of accounts, broken down into three points:

A) Public utility services

It is well-known that in December 1948, the Reparations Office submitted to the Soviet High Command a statement of 3,355,349 forints as remuneration for utility services (electricity, gas, water, sewer use) provided during the period in question. In April of this year, the Reparations Office submitted subsequent bills in the amount of an additional 3,551,413 forints for this same period. For its part the Soviet headquarters, on December 30 of last year, transferred a mere 833,798 forints, namely 694,616 forints to cover household and industrial electricity consumed by the units assuring the lines of communication, and 139,182 forints for the use of water. The Soviet position in connection with utility services was that the inter-governmental agreement signed on December 6, 1948, but put in force retroactively to December 16, 1947, precisely prescribes the method of billing utility servic-

es.[38] Since the competent Hungarian authorities could have obtained knowledge of the form of billing from the negotiations preceding the signing of the agreement, they would have had the opportunity to appropriately brief the subordinate organs in due time. According to the agreement, bills relating to the electric, water, or gas energy consumed in every case must be certified with the commander of the local Soviet unit, yet in not a single case had the local Hungarian authorities done this.

On the Hungarian side, we pointed out that, at a date well in advance of the opening of negotiations aimed at concluding the agreement, the interested organs had received appropriate instructions from the Supreme Economic Council, under the terms of which, when reading the meters and/or certifying the bills, in every case they were to act in close cooperation with the local Soviet military organ. If they were unable to have the bills acknowledged, they were obliged to make a record of this. In every case the Hungarian local authorities had complied with this provision.

The objection to this was that as soon as we had learned of the first refusal to sign, we should have immediately contacted the competent Soviet central authority. In reply we pointed out that the Hungarian authorities learned the whereabouts of the Soviet Central Army Group High Command only after the signing of the agreement.

In calculating the fees payable for the utilized electricity and water, the Soviet side took into consideration the data that the commanders of the local units periodically reported to Vienna. With regard to even the partial acceptance of the bills not verified by the Soviets, the Soviet position was quite rigid, and nor did the numerous numerical and other errors that had crept into the account statements (lack of documentation, etc.) make it possible to advocate the Hungarian position either. The only result achieved was that the head of the Soviet committee promised subsequent payment for the value of the gas consumed, though he asserted that here, too, the Soviet account figures would be kept in view.

To attenuate the great difference between the two sides' positions, and with a view to partially maintaining the Hungarian position, with a great deal

[38] The text of the agreement signed on December 6, 1948, is published in István Pataki, "'Egyezmények' a szovjet csapatok magyarországi tartózkodásáról" ["Agreements" on the Presence of Soviet Troops in Hungary], *Múltunk* 3 (1995): 137–149.

of difficulty we succeeded in including in the minutes the Hungarian side's request that, in view of the fact that the signing of the agreement occurred nearly a year after the starting date, the Soviet side recognize the circumstance whereby the adjustment of the documents to the provisions of the Agreement after the fact had been impossible, and therefore we asked the Soviet partners out of fairness to increase the already paid amount.

The Soviet side in any case insisted on the insertion into the minutes of a passage according to which, with the payments they [the Soviets] had made, the Hungarian side acknowledged all of the utility services as having been paid. In the end we managed to employ a more diplomatic text than this. According to this the Hungarian side regarded the 1,817,533 forints paid by the Soviet headquarters as covering the fee for the utility services actually used in the period between December 15, 1947, and December 31, 1948.

B) Railroad services

For the period in question, the management of Hungarian State Railways, in December of last year, submitted a bill to the Soviet headquarters of 15,719,046 forints, of which 10,619,851 forints was paid. The aim of the discussions was to examine the difference of 5,099,195 forints.

The Soviet expert, with quite convincing thoroughness, pointed out the errors that had crept into the billing statements of MÁV. Through concrete examples and documents, he proved that in very many cases the railway account statements contain unjustified items (e.g., Hungarian POW train recorded as a Soviet train); starting from a given date, the distance in kilometers for the same route (Hegyeshalom–Csap) had changed; "Russian" documents relating to completed passenger transports were worthless slips of paper; for freight shipments, in very many cases the consignment notes were missing, etc. He summed up his observations into five groups:

1.) 1,005,159 forints could not be recognized, since the bills submitted related to freight shipments were not furnished with the "No. 2 application";
2.) A difference of 385,804 forints had come about because, according to the testimony of the No. 2 applications, the MÁV had overbilled by this amount;
3.) A difference of 78,814.15 forints stems from surplus charges established for passenger transports;

4.) The reason for a difference of 2,399,417.79 forints was that the accounting documents submitted by the state railways for passenger transports were unacceptable;
5.) A difference of 1,230,000 forints arose from the differing method for billing the furlough trains.

The Hungarian committee declared its readiness to acknowledge the accuracy of the deductions effected by the Soviet side, though it pointed out that the lack of appropriate formats was not necessarily due to the negligence of the railway officials. In connection with Point 4, however, it informed the Soviet side that the slips collected from the Soviet soldiers by the Hungarian railway ticket inspectors—as it subsequently turned out, mostly irregular—and the receipts for payment issued based on them proved the fulfillment of the railway services, which cannot be called into question, since it was not in the ticket collectors' interest to issue such excess tickets (indeed, doing so was extra work for them). To demonstrate a willingness to arrive at a compromise, we offered, with payment of 50 percent of our original claim (1,200,000 forints), to consider all passenger transports as having been paid.

The Soviet counter-offer, taking a monthly average of 24,000 forints as a basis, was 144,000 forints, and they cited the fact that, during the discussions in Undersecretary Antos's office in the month of December, the undersecretary had acknowledged this.

On the Hungarian side, we pointed out that this average was the average of the first three months of 1949, which could not form the basis for comparison with the average of the first six months of 1948, because at that time many more Soviet soldiers had resided in Hungary, and furthermore, because the trips were not yet tied to Formula No. 1, their number was naturally larger.

The Soviet committee promised to submit the matter to Headquarters.

In the matter of billing the furlough trains, under the unanimous instructions received from Undersecretary Antos and Minister Bebrits—we accepted the Soviet objection, but we reserved the right in the minutes as well to resolve the settlement of accounts through diplomatic channels.

C.) Postal services

The Hungarian Postal Service submitted a bill in the amount of 3,014,915.17 forints for the period in question, of which the Soviet High Command con-

sented to pay 1,700,000 forints, thereby leaving an unpaid difference of 1,304,915.17 forints. Of this the Headquarters rejected payment of 790,368 forints by saying that the Postal Service had billed this sum in return for the use of channels and aerial cables not included in the Agreement, whereas the Soviet units had not made use of these;

It refused payment of 499,858.16 forints on the grounds that the account statements of the postal service did not contain bills for the installation and use of telephone sets (stations);

It declined to pay 14,689.91 forints by saying that this sum included the reimbursement of services (fees for of interpreters, value of removed materials) for which the Agreement does not provide.

The representatives of the postal service acknowledged that the 1,710,000 forints reimbursed by the Soviet side settled the fee for services rendered in accordance with the contents of the Agreement, but they pointed out that the telecommunication organs had performed other essential services as well, which they could not corroborate with documents because the Soviet military units had refused to verify the services (long-distance calls, installation of switching centers, use of telephone sets, use of special aerial cables, channels, etc.). In the minutes kept by the subcommittee the Hungarian side requested consideration of this and an equitable remuneration supplementing the already paid 1,710,000 forints.

In spite of the substantial differences between the two sides' positions, the consultations proceeded throughout in a very cordial atmosphere. We must note that from the very outset a softening of the Soviet position from any angle seemed completely hopeless, and the positive result of the tough negotiations, which lasted from morning until the late afternoon or evening hours, can be measured in that we succeeded in prompting the Soviet partners to appreciate the circumstances of the period of 12-and-a-half months over and above the rigid view of the stipulations of the Agreement. Beyond the contents of the minutes, Major Vulfovich also made a verbal promise that he would submit the arguments raised by the Hungarians during the discussions to his superiors for the purpose of a kind consideration.

Signature: [illegible]

Source: MNL OL, XIX-L-1-k, box 248.

DOCUMENT No. 40:

Briefing by the Main Administration of Prisoners of War and Internees of the Interior Ministry of the Soviet Union on Hungarian Prisoners of War[39]

December 20, 1949

The document below contains a comprehensive breakdown on the fate of the Hungarian prisoners. The reports of the Main Administration of Prisoners of War and Internees of the Interior Ministry of the Soviet Union feature various (as a rule mutually contradictory) figures concerning the Hungarian prisoners. The man who prepared the report printed here, Lieutenant General I. Petrov, in his report of November 2, 1945, calculated that there were 541,530 prisoners of war who had been on active duty in the Hungarian army when they were captured. The Soviet documents provide no explanation for why the report reprinted here sets the number of Hungarian prisoners of war at "only" 501,624. It should be noted that in the reports of the Interior Ministry, there are also figures of less than 500,000 for Hungarian prisoners of war.

The document below does not include the "civilian internees," whose number, according to a report drafted in May 1947, was 32,915.

In 1946 the Hungarian Central Office of Statistics, in its detailed compilation for the Paris peace negotiations, put the number of Hungarians who fell into Soviet captivity at 600,000, based on the data of the Casualty Office of the Hungarian Ministry of Defense, petitions looking for prisoners received in the Foreign Ministry, and Soviet military reports.

The mortality figures do not include those who died in the reception camps in Hungary, in transit camps in Romania, or in the wagons during the weeks they were transported. The available Soviet and Hungarian data suggest that 400,000 at most returned to their native land from captivity.

1. Prisoners of war from the former Hungarian Army registered by the MVD of the USSR:—501,624 in total

Including:

Generals—49
Officers—14,521
Non-commissioned officers and enlisted men—487,054

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[39] Published in: Éva Mária Varga, ed., *Magyar hadifoglyok a Szovjetunióban. Dokumentumok (1941–1953)* [Hungarian Prisoners of War in the Soviet Union. Documents (1941–1953)] (Moscow and Budapest: ROSSPEN-MKTTK, 2006), 465–466.

2. Prisoners of war of the former Hungarian Army repatriated 1945–1949—293,338

Including:

Generals—24
Officers—12,412
Non-commissioned officers and enlisted men—280,902
Of these, those repatriated in 1949—1,007

3. Other departures from among the prisoners of war of the former Hungarian Army—199,281

Including:

a) those released at the front (wounded, crippled, unfit for work)—126,451
b) those handed over to form volunteer units—21,728
c) those sent into partisan units—55
d) those killed while attempting to flee, drowned, committed suicide—286
e) those who died at the front—147
f) those who died in the special hospitals of the Ministry of Health—12,007
g) those who died in the camps of the MVD—38,455
h) those who died in the separate work brigades of the Ministry of Armed Forces—152

4. Those who will be held in the special camps of the MVD as of January 1, 1950—9,005

Of these:

a) those sentenced—1,280
b) those to be handed over to the Hungarian authorities—6,117
c) those for whom the matter of repatriation has not been decided—1,608

I. Petrov,
Lieutenant General

Source: RGVA [Rossiiskii Gosudarstvennyi Voennyi Arkhiv—State Military Archive of Russia] f. 1p., op. 01e., d. 81, pp. 6–7.

AUSTRIA

DOCUMENT No. 41:

NKVD Decree regarding Struggle against Saboteurs, Spies, and Bandits

April 28, 1942

At the end of March 1945, NKVD troops reached Austrian territory. Five border regiments were deployed in the rear of the Third Ukrainian Front and were in charge of protecting the Red Army's rear. It was their responsibility to stop any partisan activity in the rear of the front, to protect important infrastructure, and to search for and arrest "traitors to the fatherland" (deserted Red Army soldiers, former Soviet prisoners of war, and former forced laborers). They also had to "liquidate" any small hostile units that may have made their way to the rear of the front. All in all, the special units of the NKVD troops had almost 7,500 soldiers under their command. Their duties had been implemented in a decree in 1942.

Decree of the NKVD troops for the protection of the Red Army's rear.

I. The protection of the rear of the fronts is organized by the fronts' military council and maintained by the People's Commissariat for Defense's troop units and authorities for the rear, as well as by special units of the NKVD troops of the USSR.

II. The NKVD troops for the protection of the fighting Red Army's rear are given the following tasks:

1. Fight against saboteurs, spies, and bandits in the rear of the front;
2. Fight against deserters and marauders;
3. Liquidation of small hostile units and groups that have made their way to the rear or were smuggled in there (machine-gunners, paratroopers, signalers, etc.);
4. In special cases (upon decree of the front's military council), control of communication lines in particular areas.

III. The units of the NKVD troops for the protection of the fighting Red Army's rear are positioned on each front, separately from the General Staff of the Red Army and the NKVD of the USSR.

IV. The NKVD troops in the front areas are commanded by the head of the NKVD troops for the protection of the rear, who answers directly to the head of the main administration of the internal NKVD troops of the USSR.

As regards operational aspects, the head of the NKVD troops for the protection of the rear also answers directly to the front's military council and is, as defined in this decree, required to fulfill requests regarding the organization of the protection of the rear by the military council.

The depth of the rear to be protected by NKVD troops is determined by the General Staff of the Red Army in cooperation with the NKVD of the USSR.

Deployment of the NKVD troops for the protection of the rear outside of normal use can only take place with the permission of the NKVD of the USSR.

V. The NKVD of the USSR is responsible for the organizational structure, the cadre personnel, the completion of the units by the commander's corps, and all other issues concerning the organization of the NKVD troops for the protection of the rear; no changes are to be implemented without the permission of the NKVD.

Redeployment of the NKVD troops from one front to another can only take place upon decree of the Red Army's General Staff and is to be carried out upon the order of the NKVD of the USSR.

VI. The NKVD troops for the protection of the rear are supplied with food (and with arms as well) by the supply organs of the Red Army, after a corresponding request has been submitted by the supply organs of the NKVD's troop administration. Accounting for all material and technical supplies is settled between the administration for military supply of the NKVD of the USSR and the central supply organs of the Red Army.

Source: RGVA, f. 32900, op. 1, d. 226, l. 313.

DOCUMENT No. 42:

Report by M.M. Litvinov[1] to V.M. Molotov regarding the Soviet Position on Germany and Its Allies in Europe [Excerpts]

October 9, 1943

The following document deals with "the [future] treatment of Germany and other hostile states in Europe" and also names points and problems that were addressed by the British and Americans in this context. They include questions of international military, political, and economic control over Germany during the armistice period; disarmament; reparations; and military occupation. The document also discusses the exceptional position of Austria and the four possibilities for the future treatment of the country.

The wording on this issue was expressed in very broad terms in the English as well as in the American agendas [proposal]; it contains almost all of the questions concerning postwar Germany. Nevertheless, we should not assume that the British and the Americans want to trigger a detailed discussion about all these issues or that they want to find a final solution for them [the issues]. Of course they would like to learn about our position on all these problems, although they probably do not have any real proposals prepared yet. I think that these questions were raised mainly due to anti-Soviet propaganda in connection with some of our declarations and the establishment of the "National Committee for a Free Germany" and the "Bund Deutscher Offiziere."[2] Some groups of people abroad have gained the impression that we are planning to treat Germany much more mildly than other members of the United Nations do, and for this reason we are accused of having the most absurd postwar plans in this respect.

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[1] Maksim Litvinov, deputy people's commissioner (minister) of foreign affairs of the USSR, 1941–1943; at the same time, Soviet ambassador to the United States. Head of the planning commission for creating a postwar Europe in the People's Commissariat (Ministry) of Foreign Affairs, 1943–1945. Dismissed from the Soviet Foreign Ministry by Stalin in 1946.

[2] The National Committee for a Free Germany (Nationalkomitee Freies Deutschland, NKFD) was an anti-Nazi organization based in the Soviet Union. It organized anti-Nazi training for German (and Austrian) POWs in the Soviet Union. The leadership of the NKFD consisted partly of communists. The League of German Officers (Bund Deutscher Offiziere, BdO) was the section of the NKVD for the "education" of officers.

Eden[3] and Hull[4] can be sufficiently satisfied with a general declaration on the fact that the three governments are showing solidarity on the main question about the treatment of Germany after the war, namely that all necessary measures are being taken to prevent future aggression from Germany. We need to explain to Eden and Hull that it is not in the Allies' interest to already declare the ultimate measures that we will have to take in the future in order to disarm Germany as an aggressor and to weaken Germany in a military, economic, and territorial respect. A public discussion of these measures would only help Hitler, because it would bind the Germans closer together and strengthen their resistance.

If Eden and Hull are not satisfied with a general declaration about the fact that there are no serious conflicts, and insist on discussing the problems they find important individually, we will have the right to ask them for concrete proposals about these problems. This is necessary in order to prevent us from being made responsible for initiating the extreme measures that will need to be taken toward Germany. We can then accept some of the proposals, decline others, or make our own counter-proposals concerning other cases. In this case we are providing short explanations of the problems that were addressed by the British and Americans:

1. International military, political, and economic control over Germany during the armistice period.
2. Disarmament.
3. Reparations.
4. Germany's borders.
5. Decentralization of the German government system.
6. Austria.
7. Military occupation.

[...]

4. Germany's borders

It is undisputed that any German territorial expansion from the moment of Hitler's takeover—regardless of whether it occurred during the current war or before the war broke out—should not be deemed as territories belonging

[3] Robert Anthony Eden, British foreign minister, 1940–1945 and 1951–1955; prime minister, 1955–1957.

[4] Cordell Hull, U.S. secretary of state, 1933–1944.

to Germany. Therefore, Austria, as well as the Sudetenland, which has been taken from Czechoslovakia, needs to remain outside Germany. By the way, there have been official British announcements on the liberation of Austria from German subjugation and on the re-establishment of the Czechoslovakian borders before Munich.

[...]

6. Austria

During the forthcoming conference, Eden obviously plans to pay special attention to the problem with Austria and the idea he has developed about uniting Austria and Hungary. We need to point out that the memorandum Kerr[5] has issued on this topic does not convince us of the urgency to promote this kind of unification at all. In this memorandum, the following four possibilities for the treatment of Austria are being discussed: 1) Austria remains part of the Reich, although only as part of a federation, 2) integration of Austria into the South German federation, 3) re-establishment of Austria as a free and independent state, and 4) integration of Austria into a Central European or Eastern European federation. The last possibility envisages Austria's unification not only with Hungary but with Poland and Czechoslovakia as well. The memorandum provides pros and cons for each individual alternative. The author of the memorandum strictly advocates a mild treatment of Austria; in the view of the author, this country should not be punished for past mistakes and should be provided with political and economic support. The author deems the re-establishment of an independent Austrian state as first priority. Still, Eden's proposal of establishing an Austrian-Hungarian federation is unfounded; the reasons for this proposal do not become evident in the memorandum. This is just another argument for delaying a solution of the question of federations and confederations, as I have already suggested in my October 4 report.

It should be pointed out that no officials either in England or in the USA declared themselves in favor of integrating Austria into a federation. In statements about Austria they said only that the country needed to be liberated from Hitler's yoke. For instance, Eden said on September 9, 1942: "I would like to remind the House of Commons about a declaration made by

[5] Archibald John Clark Kerr, British ambassador to the Soviet Union, 1942–1946; ambassador to the United States, 1946–1948.

Prime Minister Churchill on November 9, 1940, in which he explained that Austria is one of the countries for the sake of which we have reached for the sword and to which our victory will bring freedom." He added: "Although the government is not able to acknowledge or support any plan for certain future borders in Central Europe, we need to be clear about the fact that the English government does not feel bound to any changes that occurred in Austria in 1938 or later." Hull declared something similar on July 27, 1942: "The U.S. government expressed itself clearly on the question of Austria's occupation and on the question of how this annexation relates to the U.S. government's well-known policy concerning annexations by force of sovereign territories. Never has the American government expressed the view that the annexation of Austria to the German Reich had any legal basis." Czechoslovak politicians expressed their views more clearly. Beneš,[6] for instance, wrote in the magazine *Foreign Affairs* in January 1942: "To me, it seems completely obvious that it will be necessary to ask Germany to give back the booty it usurped in 1938. Germany has to be forced to draw back from Austria, which it has occupied by force."

The Czech statements contain no hints about their wish to form a federation with Austria. In particular, Austrian emigrants, some of whom think that Austria should remain inside a democratized Germany, are busily discussing the issue of Austria's past and future. The former counselor of the embassy in London, Kunz,[7] has come out in favor of a federation. He is against all other alternatives and would prefer the integration of Austria into a Central European federation.

Opponents of Austria's existence as an independent state mostly refer to the fact that such a state would not be able to survive. Nevertheless, Austria has existed independently over the last 20 years—for better or worse—and its population has probably not been living under worse condi-

[6] Edvard Beneš, the second president of the First Czechoslovak Republic and the head of the Czechoslovak government-in-exile in London. He held intensive negotiations in London and Moscow about the future of Czechoslovakian statehood. In Moscow in 1943 he told Stalin that Czechoslovakia could not be included in a federation (according to British plans) but would be created on the basis of national statehood. Stalin promised him support to re-establish Czechoslovakia in its 1937 borders. In 1944 in the Kremlin the decision about the removal of the ethnic Germans (*Volksdeutsche*) from the Eastern European countries was adopted. For Czechoslovakia this meant expelling all *Sudetendeutsche* (3.7 million lived in Czechoslovakia before 1937).

[7] Adolf Kunz, at the Austrian Embassy in Great Britain until 1938.

tions than the people in Austria's neighboring states in the Balkans. Here are some statistical figures about Austria:

The country has a land area of 84,000 sq. kilometers, a population of 6.7 million, and a population density of 80 inhabitants per sq. kilometer. Before the war, 1.2 million of the 3.2 million self-reliant Austrian people worked in industry and 1 million in agriculture. The domestic production of grain (240 kilograms per inhabitant per year) and of cattle-breeding products does not meet the country's demand, but is still higher than in Belgium (120 kilograms per inhabitant per year), which can be considered an even more industrialized country. Still, the production is considerably lower than in the industrialized and agricultural state of Italy (300 kilograms per inhabitant per year). Mineral resources to be found in Austria are iron ore, oil, bauxite, and magnesite; the energy resources come from the large potential of alpine rivers, on which a rather powerful system of hydroelectric power plants is based. The amount of coal extracted is negligible. The metal processing industry obtains coal and coke from abroad. The extraction of more than 3 million tons of brown coal is more important. The exhaustion of oil fields has increased significantly during the war period; more than 500,000 tons of oil have been extracted per year. Before the war, 400,000 tons of pig iron and 700,000 tons of steel were produced in Austria annually. According to reliable sources, Germany transferred several enterprises of military importance and other industrial enterprises from the western parts of Germany to Austria. Furthermore, Hitler's Germany established quite a large number of new enterprises in heavy industry for military mechanical products and in the military-chemical industry in Austria. In 1939 the iron works of the Hermann Göring-Konzern were put into operation in Linz; 1 million tons of crude steel and an adequate amount of rolled steel are produced there [per year]. The most important branch of the Austrian industry is the highly developed machine engineering. Before the war, 217,000 persons used to work in the metal processing industry. More than 20 per cent of all Austrian exports were based on metal products (machines/plants, vehicles).

Finally, it should be pointed out that Austria's claims on a small area of the German national territory, namely the districts of Passau and Berchtesgaden, are justified. One could also give Austria back South Tyrol, which has been taken by Italy, but this issue is connected with the treatment of Italy as well.

Source: AVP RF, f. 012, op. 9, p. 132, d. 4, ll. 178–209.

DOCUMENT No. 43:

Appeal by Austrian Prisoners of War in the USSR to the Austrian People

January 1945

During World War II 150,000 Austrians were captured as prisoners of war in the Soviet Union; 15,000 died in the camps of the GUPVI, 130,000 returned home, and 5,000 are still listed as missing. Besides the prisoners of war, 2,000 Austrian civilians were being held in Soviet custody, predominantly—unlike prisoners of war—in prisons or Gulag camps. The following document is an appeal by Austrian prisoners of war to their fellow countrymen to immediately end all hostilities against the Soviet army and instead "turn [their] bayonets against Hitler." Propaganda writings of that sort were usually airdropped near battlefronts.

Appeal
by the Austrian prisoners of war in the USSR to the Austrian people!

Austrians, it is time!
Everywhere in the many prisoner-of-war camps in the Soviet Union, tens of thousands of Austrian soldiers are watching their beautiful homeland at war with anxious and burning hearts—their homeland which is now becoming a theater of war. For more than five years, Austria's sons have been shedding their blood for Hitler's bandits, who have been cursed by God, for German imperialism, for the much-hated Prussian militarism.

The Red Army is approaching Vienna! The Red Army is not our enemy, it is our friend. At the Moscow Conference, the Soviet Union, England, and the USA guaranteed Austria's independence.

People of Austria! Do not wait for others to release you! Stand up and fight for your freedom and independence!

Soldiers of Austria! Turn your bayonets against Hitler! Fight shoulder to shoulder with the victorious Red Army against our common enemy and for our wonderful and precious homeland.

Workers in the factories—go on strike! Members of the Volkssturm,[8] do not go back to the barracks; join the partisans in the mountains!

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[8] Created in October 1944, the Volkssturm, as the "last stand," was intended to help to turn the tide of war by supporting the operations of the German Wehrmacht. For service in Volkssturm units, mostly young men from the age of 16 to 20 and men over the age of 50 were recruited. Besides supporting military operations, they were used as guards and for security.

The world must see that the Austrian people have nothing to do with Hitler's barbarism. The world must see how the Austrian people fight for their freedom and their independence.

Arise, people of Austria!
Long live the free, independent, and democratic state of Austria!

[List of signatures]

Source: RGVA, op. 5, d. 20, ll. 121–122.

DOCUMENT No. 44:

Speech by NKVD Brigadier I. Pavlov[9] regarding Espionage Activity

March 1945

For the border regiments of the NKVD troops to carry out their tasks, they needed to gain information from the local population. Like the American CIC, they used Austrian informants for this purpose. Their possibly "questionable" past played only a minor role as long as they were now willing to work for the Soviet NKVD. Additionally, the troops closely co-operated with intelligence corps, especially with the SMERSH of the GUKR.[10]

Reconnaissance

During their activities, the troop administration's reconnaissance department and the units' subdivisions for reconnaissance follow the NKVD's order No. 002761–1942 and, due to the changed operational situation in connection with the entering of foreign national territories, the following amendments to the aforementioned order as well: directive No. 233 of the NKVD of the USSR of 10/6/1944 and the NKVD's order No. 0016 of 1/11/1945.

The provisions of order No. 002761–1942 are known to everyone.

Directive No. 00233 of the NKVD of the USSR determines that the troop administration's reconnaissance department and the units' subdivisions for reconnaissance are to carry out the following espionage measures when clearing the rear of the front of hostile elements:

a) prevent the emergence of any kind of hostile activity by groups of bandits and local nationalists in the rear of the front;
b) find and capture small hostile groups and individual soldiers and officers who are surrounded by our units and try to cross the front line;
c) find and capture deserters and marauders hiding in the rear of the front;

[9] Brigadier Ivan Pavlov served as head of the administration of the troops of the NKVD for the protection of the rear of the Third Ukrainian Front.

[10] Glavnoe Upravlenie Krasnoi Armii, Headquarters of the Red Army.

d) find and capture Soviet citizens in hiding who escaped with the occupation troops and who used to do various types of administrational work on our national territory.

The following instructions by the head of the main administration of NKVD troops for the protection of the Red Army's rear from 1/20/1945 refer to NKVD order No. 0016 of 1/11/1945 and oblige us:

- to find and capture informants of the German intelligence organs who are involved in espionage and diversion, terrorists, members of various hostile organizations, groups of bandits and groups of insurgents, regardless of their ethnicity and nationality; to find and confiscate illegal radio transmitters, arsenals, illegal printing presses, and other materially and technically equipped devices for hostile activities;
- to capture the commanding and investigational staff of the police, the leading staff of prisons and concentration camps, military commanders, public prosecutors, investigators, members of military courts and tribunals, the leading staff of authorities in the provinces, districts and regions, mayors, members of National Socialist organizations, heads of large economic and administrative institutions, editors of newspapers and magazines, authors of anti-Soviet publications, the commanders and privates [of armies] of countries fighting against the USSR, members of the "Russian Liberation Army," and other suspicious elements.

The NKVD's directive No. 233 and the instructions by the head of the main administration of NKVD troops for the protection of the Red Army's rear from 1/20/1945 are to be implemented by taking the following measures:

- establishment of a network of informants and professional cooperation with this network;
- close cooperation with the intelligence service in creating documents on the informants and in the search for criminals carried out by the troop;
- thorough filtration of the captured.

Espionage

The principles and methods of espionage on the territory of foreign states in which the Red Army operates are the same as those on our national territory. However, the methods for this kind of espionage depend directly on the operational situation and the specific features of the particular country.

The following rules need to be pointed out regarding espionage:

1) Espionage is to be started and carried out only on areas secured by the troops.
2) Only officers from the administration of the reconnaissance department and of the regiments up to the head of the department's chief adjutant, including the deputy commanders of the reconnaissance battalions, are allowed to cooperate with informants. The chief adjutants of commanders of the reconnaissance department's battalions can be allowed to cooperate with [special] informants only in certain cases—with my permission or with permission issued by my deputy who is responsible for intelligence. However, this provision does not exclude the possibility of involving other categories of reconnaissance officers or interns from the reconnaissance department in the work with informants under the condition that the reconnaissance officers cooperating with the informants are required to be present at all times.
3) It is absolutely essential that two reconnaissance officers are present at any meeting with an agent. For safety reasons, it is recommended to secure the meeting point by taking appropriate measures.
4) The selection of candidates to be recruited and the recruitment of informants itself is to be carried out exclusively by authorized reconnaissance officers (deputies of regiment commanders and their deputies, chief adjutants of commanders for the battalions of the reconnaissance department, and deputy commanders of the reconnaissance battalions).
5) The procedure for the recruitment of informants and for the creation of their dossiers is known. Dossiers are to be stored exclusively in the reconnaissance department of the troops' administration.
6) The commanders of the regiments and their deputies responsible for reconnaissance are obliged to carry out daily controls on the recruitment activities within the regiment, on their proper focus and quality.
7) It is recommended to select those members of the local communities to work as informants who have the possibility to help us search for people of interest and find them. Such persons would be, for example:
   – less active members of National Socialist organizations and groups of bandits—under certain circumstances and if we can be sure that they will cooperate conscientiously;
   – members of hostile counterintelligence bodies with good connections to local nationalists and the desire to do penance for their former connections to German National Socialists;

- members of the intelligentsia, the middle-class bourgeoisie, and the merchant class who are respected by local nationalists and who are able to discover hostile plans in the rear of the Red Army in due time;
- persons with a democratic attitude who have the possibility of discovering National Socialist elements and planned hostile activities in the rear of the Red Army;
- persons from the surrounding areas of objects of our espionage who do not share the National Socialist views of these objects;
- persons from lower levels of the new administration who could use their position for searching for people we are interested in.

The recruitment of hostile informants for the search of the most famous coperpetrators can be carried out only upon my permission or the permission of my deputy who is responsible for intelligence.

Minor criminals are to be recruited as informants if this seems to be helpful. For several reasons, such recruitments are to be carried out for the search for ringleaders and agitators of any hostile activities in the rear of the front as well as for their capture.

8) Our constant attention needs to be focused on ensuring the confidentiality of espionage activities. All officers cooperating with informants need to pay special attention to ensuring the conspiracy when examining the objects to be recruited, as well as during the recruitment itself and the following meetings with the informants.

9) We need to bear in mind that questions of conspiracy are important not only in connection with measures for preventing the exposure of informants but also for the behavior of reconnaissance officers when talking to informants. It has to be guaranteed that the reconnaissance agent, out of talkativeness, does not talk to his agents about information or our methods of operation. There is no need to talk to the agents about that. Therefore, the officers' preparations for meetings with informants need to be checked up on by a superior intelligence officer.

10) The supervision and control by the commander of the regiment and his deputy responsible for reconnaissance are to be carried out through the following measures:
    a) by personal participation in espionage activities, carrying out "model recruitments" and high-quality work with the informants;

b) by practical help in the organization and realization of recruitments carried out by inferior reconnaissance officers who are allowed to work with the informants;
c) by critically analyzing the documents the reconnaissance officers acquire about informants, and by immediately eliminating errors made during the work with the informants as well as by improving the reconnaissance officers' qualification with practical examples.

Objects of Espionage

The objects of espionage on Hungarian territory were determined by the NKVD's order No. 0016 from January 11, 1945, and the following instructions by the head of the main administration of the NKVD troops for the protection of the Red Army's rear from January 20, 1945, which were explained in detail above (see page 2).

It must be pointed out that the enemy has been pursuing intense subversive activities in the rear of our front recently by smuggling informants, who are required to carry out intelligence and diversion tasks, over the front line. Furthermore, he [the enemy] has been establishing terrorist groups consisting of members of National Socialist organizations and local National Socialists in the rear of unit of the Red Army.

For instance, our troops alone arrested 21 hostile informants in January and February, including one signalman, four paratroopers, and 16 members of reconnaissance units and saboteurs who had been smuggled over the front line by foot. Furthermore, there were 24 bandits and terrorists and 22 saboteurs belonging to National Socialist organizations.

Typical examples of arrests are described in the attachment.[11]

Cooperation of Reconnaissance and Intelligence Services

The close cooperation of reconnaissance and intelligence services in the compilation of documents about informants and in the organization of military searches for criminals must be permanent and effective.

The cooperation of reconnaissance and intelligence services is to be achieved by taking the following measures:

[11] Not published.

– joint development of appropriate operational and military measures, compiling of reconnaissance documents about informants and various other reconnaissance documents;
– direct participation of the regiments' reconnaissance departments in the preparation of important documents on staff level and of lists aiming at building up an exchange of experiences with the intelligence service and improving its quality;
– establishment of special training for reconnaissance officers by joint talks on topics related to the Cheka [ChK][12] and the analysis of special documents connected with investigation activities.

It must be pointed out that the individual departments are adopting the aforementioned measures very inadequately. Often the regiment staffs have no knowledge of the actual situation in their field of responsibility and carry out their work blindly. The subdivisions for reconnaissance, having vast information at their disposal, do not draw the right conclusions from this information; the main department does not inform the regiment staffs in due course and does not carry out any joint measures in the search for criminal elements.

Investigational Work

The additional instructions, arising from the NKVD's directive No. 00233 and the NKVD's order No. 0016, and dealing with the work on territories of foreign states, result in several changes in preliminary investigations and in the transfer of captured persons for reasons of further investigations.

A new task to be carried out within the framework of preliminary investigations is the receipt of investigational documents that form the basis for a possible arrest and for the clarification of the question of whether a captured person is to be transferred to the court or not.

This task is to be carried out as follows:
a) Only thoroughly checked documents are to be used.
b) Inappropriate delays are to be avoided. The crimes committed by the captured persons are to be proven with documents.

[12] The "Vserossiiskaya chrezvychainaya komissiya po bor'be s kontrrevolyutsiei, spekulyatsiei i sabotazhem" ("All-Russian Emergency Commission for Combating Counter-Revolution and Sabotage") was founded in 1917. In the beginning its main task as a secret police was the investigation and even execution of Lenin's political enemies. The first chairman of the Cheka was Feliks Dzerzhinskii.

The criminal activities of a captured person are to be proven with objective and documented evidence, including the following:

- weapons, explosives, flammable materials, or other objects intended for criminal use;
- National Socialist literature, flyers, and other objects or documents containing information about the execution of or preparation for any kind of hostile activities in the rear of the front;
- fake documents, official statements, and testimonies accusing the persons of preparing or carrying out criminal actions in the rear of the front.

Citizens of foreign states are to be arrested only with permission from the Military Prosecutor.

In exceptional cases (capture at the scene of crime, attempt to escape), such arrests can be carried out with the Military Prosecutor's permission received after the event.

Arrests of leading staff and active members of the White Guard and anti-Soviet nationalist organizations are to be carried out upon consultation with the organ for counter-intelligence SMERSH, to which this type of captured person is to be transferred.

In the future, the investigational work will be more complicated than it used to be. In this respect, the most qualified intelligence officers should be used for investigational work.

The investigation groups in the regiments need to be under permanent and direct control by the heads of the regiments' reconnaissance departments.

A very important issue is the espionage activity among arrested and captured persons. These activities are to be organized personally by the deputy commander of the regiment.

The informants responsible for captured persons who need to be transferred to the SMERSH organs are to be present during the transfer. The investigational documents about the captured persons are to be completed as usual. The operational area of the informants and the results of their work need to be mentioned separately.

Methods of Espionage

The complex operational situation in Hungary requires extreme caution and thoughtfulness during the execution of espionage tasks.

It is necessary to bear in mind the possible use of the recruited informants in future periods of peace.

The errors and deficiencies we have been faced with recently are not to be repeated. The most severe are the following:

1) A purely target-oriented attitude toward espionage; aimlessness during recruitments and poor work with the informants;
2) Commanders of regiments who do not participate in espionage; there are deficiencies in the participation of the deputies responsible for reconnaissance work as well;

   Because there is no direct participation in the training and work of informants, there are no qualified spies to move up, and the Chekist experience and work practices cannot be improved.
3) The regiments' commanders, their deputies, and the heads of the battalions' reconnaissance departments do not participate in the investigational work as required.

   These deficiencies increased during several offenses against revolutionary law (the 134th, 25th, and 336th border regiments) and due to the fact that the espionage and investigational work were being misrepresented.

   Several reconnaissance officers were reprimanded for offenses against revolutionary law and for their moral depravity.

Our main task is to not allow similar deficiencies in the future and to give the reconnaissance work the importance it deserves by getting the best results in the search for and the capture of criminal elements.

It is necessary to stop the practice of aiming only at positive facts and figures.

The methods of espionage depend on the concrete situation in which the regiment's subdivision for reconnaissance is working. However, several generally accepted rules can be recommended:

1) Espionage methods should be used as broadly as possible, especially during the search for hidden leaders of National Socialist organizations, for the leaders of local gangs and terrorist groups consisting of National Socialists, and for enemies who are staying in the rear of the front and who carry out subversive activities there.
2) Various espionage methods should be used for the disintegration of bandit groups and local National Socialist organizations, as well as for the prevention of any planned hostile activities in the rear of the front.
3) Plans for combined espionage should be developed for the capture or destruction of the heads of gangs or terrorist groups, as well as of hidden members of National Socialist organizations planning hostile activities in the rear of the front.

As our main espionage task is to search for criminal elements, the people engaged in investigational work in the subdivisions do not lose their significance. It is necessary to increase the educational work with the people engaged in investigational work and to carry out this work with a strict aim.

The following conditions are essential for the best resolution of the upcoming tasks:

1) the clear focus of and great effort from all reconnaissance officers;
2) high-quality leadership and strict controls on the situation and the quality of the espionage;
3) strict compliance with revolutionary law;
4) high Chekist discipline and work discipline;
5) non-admission of former errors into our work.

Signed: Pavlov

Source: RGVA, f. 32900, op. 1, d. 219, ll. 66–77.

DOCUMENT No. 45:

Stavka[13] Directive on the Publication of an Appeal to the Austrian Public

April 2, 1945

At the end of March 1945, Red Army units crossed the Hungarian-Austrian border. Officially Austria was regarded as liberated and not an enemy country by the Soviet Union, a fact that was widely and propagandistically disseminated around the country. However, most Red Army members did not distinguish between Germans and Austrians, which resulted in acts of revenge, rapes, and lootings being committed against the Austrian public.

In connection with the advance of the troops of the Second and Third Ukrainian Front on Austrian territory, the High Command's Stavka is issuing the FOLLOWING ORDERS:

1. The commanders of the troops of the Second and Third Ukrainian Front[14] are to issue an appeal to the Austrian public, containing the following:
   a) they are to be informed about the fact that the Red Army is fighting against the German occupiers and not against the Austrian population, and the people are to be asked to remain where they are, to continue their peaceful work, and to support the Red Army's Command in maintaining safety and ensuring the normal function of industrial and trading enterprises and communal and other enterprises;
   b) the public is to be informed about the fact that the Red Army has come to Austria not to occupy Austrian territory, but with the sole aim of destroying the hostile German-fascist troops and freeing Austria from dependence on Germany;
   c) it is to be made clear that the Red Army stands on the position of the Allies' Moscow Declaration concerning Austria's independence and will contribute to the restoration of the social order that existed until 1938, that is until the German invasion of Austria;

[13] Headquarters of the GOKO (Gozudarstvennyi komitet oborony, State Committee of Defense). Established in June 1941, supreme authority in the USSR under the direct leadership of Stalin.

[14] The commander of the Second Ukrainian Front was Rodion Ya. Malinovskii; the commander of the Third Ukrainian Front was Fyodor I. Tolbukhin. They both were active in Austria.

d) rumors saying that the Red Army is going to eliminate all members of the National Socialist Party are to be disproved, and it is to be made clear that the National Socialist Party is going to be dissolved but that ordinary members of the National Socialist Party are not going to be bothered if they demonstrate their loyalty to the Soviet troops.

2. In addition to the appeal to the Austrian public, leaflets with the same content are to be published on the territory that is occupied by our troops; they are to be dropped off behind the front line.

3. Vienna's mayor is to be informed of the fact that the Soviet command will not act against the formation of a provisional Austrian government with the participation of democratic forces, but there is to be no information about that in the leaflets.

4. The troops operating on Austrian territory are to be instructed not to offend the Austrian population, to behave correctly, and to not confuse Austrians with the German occupiers.

5. Military commanders, who are to appoint provisional mayors and village elders from the local Austrian population to act as civil authorities, are to be appointed in villages and towns.

Signed: Stalin, Antonov

Source: Tsentral'nyi Arkhiv Ministerstva Oborony, F. 148a, op. 3763, d. 212, ll. 10–11.

DOCUMENT No. 46:

Stavka Directive on Karl Renner

April 4, 1945

After the Soviet Union—without prior consultation and in violation of the agreements with the Allies—following the entry of the Red Army into Austria immediately arranged for the formation of a provisional government, serious difficulties emerged on the question of Austria's postwar treatment under the Allies.

The news of Karl Renner's appearance was presented to the Stavka on April 4, at 6:50 p.m. Supposedly Stalin was surprised that "old Renner" was still alive. Within minutes Stalin instructed (coded telegram No. 29904/sh) the Military Council of the Third Ukrainian Front under Marshal Fedor that Renner was to be trusted.

With reference to your report No. 24/z from April 4, the Stavka of the Main Command issues the following DIRECTIVE: KARL RENNER[15] is to be trusted. He is to be informed that the headquarters of the Soviet Armed Forces will support him in the restoration of democracy in AUSTRIA. He is to be informed that the Soviet Armed Forces did not cross the AUSTRIAN border to occupy AUSTRIAN territory but to expel the fascist occupiers from AUSTRIA.

STAVKA OF THE MAIN COMMAND

I. STALIN, ANTONOV[16]

Source: TsAMO, F. 243, op. 2912, d. 146, l. 269.

[15] Karl Renner (1870–1950), "founding father" of the First and Second Republic of Austria. Leader of the Austrian delegation to the Peace Conference in Paris St. Germain in 1919. Chancellor of Austria, 1918–1920. President of parliament, 1931–1933. From 1938 to 1945, he distanced himself from politics. Chancellor of the Provisional Government in 1945; afterwards, until his death, president of the Second Republic of Austria.

[16] A copy was sent to Molotov. The telegram was sent at 8:30 p.m.

DOCUMENT No. 47:

Report by L. Beria[17] to G. Malenkov[18] on the Austrian Oil Industry

April 13, 1945

The following secret NKVD report from the end of the war deals with the potential of the Austrian oil industry situated in the area around Vienna. During World War II oil production in Austria and elsewhere had been rapidly increased.

Oil production

The oil fields in Austria are situated in the area around Vienna (60 kilometers north and 30 kilometers east of Vienna).

The most important areas of oil production are Zistersdorf (Gösting), Geiselberg, and Sankt-Ulrich. One hundred twenty drilling operations were underway in the oil fields in the area of Zistersdorf in 1943; new drilling operations are being set up constantly.

Recently, the new oil field Krenzefeld (Maustrenk) was opened four kilometers northwest of Zistersdorf; 15 drilling operations were already set up there in 1943. The most productive oil field with the highest output is Sankt-Ulrich (6.5 kilometers from Zistersdorf). One hundred fifty drilling operations were underway in the oil fields in the Sankt-Ulrich area in 1943.

Due to the active involvement of fascist Germany, oil production in Austria increased rapidly during the war.

Oil production:

1938	–	63,000 tons
1942	–	800,000 tons
1943	–	950,000 tons
1944	–	1.2 million tons (expected)

When German enterprises carried out several geological investigations in the eastern parts of Austria before the war, they found that there were oil deposits in an area of 1 million hectares. Exploration wells showed that there were 10–12 oil pools containing significant oil reserves, which makes

[17] Lavrentii P. Beria, people's commissar for the interior (chief of the NKVD), 1938–1946; member of the Politburo of the Central Committee, 1946–1953.

[18] Georgii M. Malenkov, deputy chairman of the Council of Ministers of the USSR, 1946–1953 and 1955–1957; chairman, 1953–1955.

it likely that there are great opportunities for further development of oil production in Eastern Austria.

Mineral oil processing

In Austria there are six enterprises that are processing oil. They are located in the area around Vienna. The processing capacity of these enterprises stands at 800,000 tons of crude oil per year. The most important oil processing enterprise is located in the Lobau (near Vienna). It has a processing capacity of 500,000 tons per year.

All oil processing enterprises were working at full capacity.

Oil producing enterprises

No.	Location of the plant	Name of the enterprise	Capacity (tons/year)
1.	Vienna-Floridsdorf	Shell Floridsdorf	100
2.	Vienna-Korneuburg	Kreditul Miner	50
3.	Vienna-Kagran	Vakuum Oil Co.	60
4.	Vienna-Vösendorf	Österreichische Fanto	40
5.	Vienna-Schwechat	Nova Öl and Brennsstoffgesellschaft AG	50
6.	Vienna-Lobau	Wintershall-Elwerath	500

Signed: N. Titkov

Source: RGASPI, f. 17, op. 121, d. 395, ll.1–3.

DOCUMENT No. 48:

Telegram by Marshal F. Tolbukhin[19] to I.V. Stalin regarding a Temporary Government for Austria

April 15, 1945

On April 15, 1945, the commander-in-chief of the Third Ukrainian Front, Marshal Fyodor Tolbukhin, and his political advisors, Aleksei Zheltov[20] and Andrei Smirnov,[21] asked Stalin to promote and accelerate [!] the decisions regarding the formation of an administrational institution and a temporary government for Austria, as Stalin had in mind. According to the proposition, the following four parties should have been part of the new government: the Social Democrats with 35 percent, the Communists with 35 percent, the Christian Democrats with 20 percent, and the Revolutionary Socialists with 10 percent. These numbers were essentially in accordance with the approach of establishing national Popular Front governments in Eastern European countries occupied by the Red Army.

In connection with the liberation of Vienna, the decisions regarding the formation of an administrational institution for Austria, the appointment of a mayor for the city of Vienna, and the possible formation of a provisional government must be accelerated.

According to the information available, the former mayor of Vienna, Seitz,[22] is in a concentration camp in Germany.

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[19] Fedor I. Tolbukhin, marshal of the Soviet Union, was the commander-in-chief of the Third Ukrainian Front from 1944 on. He was regarded as the liberator of Sofia, Bucharest, Budapest, and Belgrade. From June 1945 until 1947, he was commander-in-chief of the Southern Group of the Soviet Army (in Romania and Bulgaria). Furthermore, in 1946–1947 he acted as the head of the Military Mission in Yugoslavia.

[20] Aleksei Zheltov was the political advisor of the Third Ukrainian Front and later on of the Central Group of Forces, based in Austria. From 1945 to 1950 he was deputy military (from June 1946 high) commissioner in Austria.

[21] Andrei Smirnov was the head of the Third European Desk of the Soviet Ministry of Foreign Affairs (until 1946 the People's Commissariat of Foreign Affairs) from 1943 to 1949 and responsible for Germany and Austria. From 1946 to 1949, he was deputy minister of foreign affairs.

[22] Karl Seitz, head of state of the Austrian Republic ("Deutschösterreich"), 1918–1920. Mayor and *Landeshauptmann* of Vienna, 1923–1934.

Possible candidates for the position of the mayor are Kunschak,[23] one of the leaders of the left wing of the Christian social party (Catholics), who is very popular in Vienna, or Vienna's former mayor, Emmerling.[24] Karl Renner or the former Austrian president, Miklas,[25] could also be offered the position of the mayor of Vienna.

With regards to the issue of the possible formation of a provisional government for Austria, I find it necessary to provide you with the following information:

1. As former president of the Austrian National Council, Renner suggests convening a meeting of all members of the Austrian Parliament who are on Austrian territory at the moment, except for members of the NSDAP, in order to debate the issue of the government.

The following parties should be represented in the new government:

Social Democrats: 35 percent of the posts/positions, Communists: 35 percent of the posts,

Christian Democrats (Catholics): 20 percent of the posts,

Revolutionary Socialists (pro-fascist): 10 percent of the posts.

Renner thinks that the holding of new elections for a provisional National Council would not be expedient at the moment, because only a small part of Austria near the front has been liberated so far. Almost the whole male population and a large proportion of younger women have been expelled by the Germans, says Renner.

This is actually the case.

The holding of new elections is being hampered under these circumstances.

Renner's proposal regarding this method for the formation of an Austrian government is somehow covered by the constitution and could be approved of, if it would not strengthen the position of the Catholics, by the Social Democrats and related groups.

By joining the government, these groups would form a powerful bloc and could seriously hamper the strengthening of new democratic powers.

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[23] Leopold Kunschak, member of the constitutive National Assembly, 1919–1920. As an opponent of the authoritarian Dollfuß regime, he tried to mediate between the parties in 1934. On April 27, 1945, Kunschak, along with Renner, signed the Declaration of Independence of the Republic of Austria.

[24] Emmerling was Vienna's deputy mayor from 1919–1934. In 1945 he refused to become Vienna's mayor for physical reasons.

[25] Wilhelm Miklas, president of Austria from 1928 until the 1938 Anschluss. In 1945 he refused to run for presidency in favor of Karl Renner.

2. We consider the following path to the formation of a provisional Austrian government more appropriate: give Renner the order to form an action group consisting of representatives of the various parties and independents.

3. Members of such a group could be: the Social Democrat Renner; the mayor of the city of Vienna and one of the leading persons of the Christian Social Party, Kollmann;[26] the aforementioned Kunschak; the mayor of Wiener Neustadt, Wehrl, a Social Democrat and metal worker who has been installed by our command; the last president, Miklas; representatives of the Communist Party, and independent members of the Austrian intelligentsia.

This action group, consisting of formerly reputable politicians, will form the provisional government and announce the order to promote the liberation of Austria and therefore immediately establish a provisional national government that is obliged to support the Allies in the liberation and the establishment of an independent and democratic Austria.

Until Austria is completely liberated and free elections for the National Council can take place, the provisional Austrian government will have the legislative and executive power and fulfill its tasks under Allied control. After the liberation of all of Austria's territory and as soon as the military situation allows, the provisional government will announce elections for the National Council and confer all powers to it [the National Council] after the elections have taken place.

I request instructions.

Signed: Tolbukhin, Zheltov, Smirnov

Copies to: Stalin, Molotov, Beria, Malenkov, Bulganin, Antonov, Vyshinskii, Dekanozov.

Source: TsAMO, F. 48, op. 3411, d. 196, ll. 315–319.

[26] In 1919–1920, member of the constitutive National Assembly. Member of the National Assembly, 1920–1934. Opponent of the Dollfuß regime. In 1945 he was appointed mayor of Baden (near Vienna), where the headquarters of the Soviet Army was based.

DOCUMENT No. 49:

Telegram by Fyodor Tolbukhin to I.V. Stalin on Meeting with Karl Renner

April 21, 1945

This coded telegram documents Stalin's personal instruction on April 17, 1945, to submit to Renner a proposal to form a provisional Austrian government.

To Comrade Stalin,
1. On April 19 the member of the Military Council of the front and the representative of the group of comrades, the comrades DEKANOZOV[27] and KOPTELOV,[28] received KARL RENNER in Vienna.

In accordance with your coded telegram No. 11070 from April 17 of this year, the proposal was submitted to RENNER to form a provisional Austrian government. RENNER accepted the proposal about forming the government by including the main democratic parties, including the Clericals. He promised to provide us with a list of the members of the government on April 24.

Source: TsAMO, F. 48, op. 3411, d. 196, l. 337.

[27] See note 55 on p. 240.
[28] Mikhail E. Koptelov was deputy political advisor of the Soviet Element of the Allied Commission for Austria (April 1945–April 1948).

DOCUMENT No. 50:

Operational Plan for Securing Rear of the Third Ukrainian Front by NKVD Troops [Excerpts]

May 3, 1945

As the army units of the Third Ukrainian Front advanced on the territory of Austria, the border regiments of the NKVD were confronted with a broad range of tasks. They had to not only deal with partisan activities and scattered groups of enemy soldiers but also contribute to the seizure of captured military equipment and marauding Red Army soldiers who were unlawfully lingering in the rear areas. Furthermore, partial responsibility rested with them for the transfer of arrested "spies" and captured soldiers to organs of the GUKR SMERSH or army and front detention centers.

The Situation in the Rear of the Front

1. As a result of the successful advance of the frontline troops, the territory liberated from the enemy has been only inadequately cleansed of criminal elements (enemy spies, saboteurs, terrorists, deserters from the Red Army, and other criminal elements).

2. Enemy soldiers and officers who have not succeeded in pulling back with their main forces are lingering on their own or in groups in the mountainous-wooded terrain of the front area. Those who have given up hope of reuniting with their troops are burying their weapons, while others put up armed resistance during their capture, and others still, who have acquired civilian clothing, attempt to break through to the depths of the rear of the front.

3. There are still some cases of members of the Red Army who unlawfully linger in the rear and have abandoned themselves to alcoholism and engage in extortion and begging.

4. Traitors to the fatherland who fear being held to account for the crimes they have committed acquire civilian clothing and pretend to be citizens of the USSR abducted by the Germans.

Tasks of the Troops of the NKVD for the Protection of the Rear of the Third Ukrainian Front

1. Discovery and arrest (in the event of resistance, annihilation) of criminal elements—enemy spies, saboteurs, terrorists, and traitors to the fatherland, as well as enemy soldiers and officers.

2. Annihilation of small armed enemy groups in the rear of the Red Army (who had broken through the defensive lines of the Red Army).

3. Confiscation of weapons, ammunition, and other military equipment (captured and Soviet) from the local population.

4. Discovery and arrest of deserters from the Red Army, as well as members of the army who linger unlawfully in the rear.

[...]

8.) The following arrestees are to be transferred:

a.) Enemy spies, saboteurs, terrorists, traitors to the fatherland and those guilty of high treason, deserters, and other criminal elements—in accordance with the existing provisions.

b.) Enemy soldiers—to army and front detention centers for prisoners of war.

c.) Soviet citizens and foreigners released from captivity—to detention and rear area centers as well as headquarters in accordance with directives no. 5/1089 of April 20, 1945.

d.) Weapons, ammunition, and other military equipment (captured and Soviet) found with the local population are to be transferred to the relevant authorities responsible for booty.

e.) Discovered ammunition dumps and dumps with other military equipment belonging to military units of the Red Army are to be transferred with protocols to the military headquarters and units in the corresponding district.

9.) A report on the course and results of the operation is to be submitted on a daily basis by radio to the Staff of the Troops and in operational reports to the corresponding sections.

The final written report is to be submitted on May 21, 1945.

Signed: Pavlov, Semenenko

Source: RGVA, f. 32900, op. 1, d. 216, ll. 44–48, 49 and 49a.

DOCUMENT No. 51:

NKVD Order regarding Alcohol Abuse by Red Army Personnel

May 13, 1945

After more than 300 officers and enlisted men of the 26th Army suffered from poisoning due to the excessive use of captured alcohol on May 11, 1945, and 75 people subsequently died from the consequences of this poisoning, the deputy commander of the NKVD troops for the protection of the logistical lines of the Third Ukrainian Front, Colonel Semenenko,[29] ordered the following measures for the prevention of alcohol abuse.

To the commanders of the units of the NKVD troops [illegible]

On May 11, 1945, 326 people—officers and soldiers of the troops of the 26th Army—suffered from poisoning due to the excessive use of captured alcohol. On May 12, 1945, 75 people died from the consequences of this poisoning.

The Military Council of the Front thinks that the aforementioned incidents occurred due to a lack of discipline and order.

Based on the aforementioned facts, I hereby order the following:

1. All commanders of the units are to inform their officers about the aforementioned poisoning and to take immediate and rigorous measures in order to prevent the drinking of captured beverages. If such beverages are found, they are to be taken into strict and safe custody.

2. The officers of the sanitary corps are to be requested to take active prophylactic measures among the staff of the subdivisions and to strictly control all captured beverages and food products.

3. If a subdivision discovers captured beverages or food products, officers of the sanitary corps are to be sent to the location; then, under their observation, the beverages and food are to be withdrawn from the subdivisions

[29] Chief of staff of the NKVD troops for the protection of the hinterland of the Third Ukrainian Front.

and stored in the regiment's storage rooms until a thorough analysis is carried out.

4. The report on the measures taken is to be submitted on May 30, 1945.

Signed: Semenenko, Pokhuev

Source: RGVA, f. 32914, op. 1, d. 9, l. 63.

DOCUMENT No. 52:

Minutes of Meeting of Soviet Military Representatives and Communist Members of the Austrian Government

May 16, 1945

On May 16, 1945, Johann Koplenig,[30] Ernst Fischer,[31] and Franz Honner,[32] state secretaries of the Provisional Austrian Government and leaders of the Communist Party of Austria (KPÖ), met with members of the Military Council of the Third Ukrainian Front.

At the beginning of the meeting, the Soviet party asked their Austrian counterparts to openly describe "any problems they have been confronted with in their work."

Political Advisor Aleksei Zheltov's response clearly shows Moscow's strategy for the Communist Party of Austria: the public establishment of the party "to get the masses on their side." The communist's plan was to politically capitalize on Renner's inability and also on the inability of the members of his government to solve problems.

The following were present at the meeting:
The member of the Military Council of the Third Ukrainian Front, General A.S. Zheltov; Lieutenant-General Anoshin; Lieutenant-General Morozov,[33] as a representative of the political advisor, Koptelov.

From the Communist Party: the secretary of the Central Committee of the Communist Party of Austria, Koplenig; the member of the Central Committee and minister of education, Fischer; the minister of the interior, Honner, and the secretary of the party's city committee, Lauscher.[34]

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[30] Koplenig was the leader of the Communist Party of Austria until 1965. In 1945 he was sent to Austria from Moscow, where he was in exile during World War II. He played a leading role in the Komintern.

[31] During World War II, in exile in Moscow. State secretary (minister) in Renner's Provisional Government (for education and culture). Excluded from the KPÖ in 1968 because of his criticism of the Warsaw Pact invasion of Czechoslovakia.

[32] After fighting in the Spanish Civil War in 1937–1938, Honner emigrated to Moscow. In 1944–1945 he instructed the Austrian Partisan Battalions in Yugoslavia. In the Provisional Government in 1945 he was state secretary (minister) of the interior.

[33] Stepan Il'ich Morozov was deputy commander of the Ninth Guard Army. From July 1945 to 1948 he was the chief of staff of the Soviet Element of the Allied Commission for Austria.

[34] Josef Lauscher, secretary of the Communist Party's city committee. In 1949 he was a communist member of the Vienna City Council.

At the beginning of the meeting, Comrade Zheltov asked everybody to talk openly about any problems they have faced in their work, about any urgent issues they would like to discuss, and about any help they need from the Military Command. He also asked them to give him a description of the current situation.

First of all, Koplenig pointed out that there seems to be an inclination toward the formation of a government coalition between a proportion of the Social Democrats and a proportion of the Catholics, a coalition that is strictly against the communists. This coalition is based on the desire to assure certain positions within the leading government organs and to ensure a certain sphere of influence for themselves [the members of the coalition]. The Catholics consider their main sphere of influence to be among peasants, traders, employees, and craftsmen. The Social Democrats see their main sphere of influence in Vienna and among the industrial workers and the industry in general. They are trying to accumulate as many leading positions in as many organs as possible in their own hands and to divide them among each other in order to eliminate the influence of the Communist Party. This is the reason for their inclination to form a government based not on an agreement between the parties but on the constitution from 1929. This constitution does not comply with the newly established situation. The attempt to form a government based on the constitution of 1929 has a certain purpose and would be connected with certain practical consequences. This constitution was the basis for the development of fascism in Austria that was being implemented by issuing corresponding laws, such as the appointment of mayors, representatives of the government, etc. By reintroducing this constitution, they hope to predetermine future events. We are against this. We think that the issue of the constitution has to be solved by a legally elected National Council. The provisional government is an institution passing decisions that result from the provisional situation. In this government, there is no order ensuring the solving of questions in a democratic way. According to the order established by Renner, the government can only act unanimously. If there is no consent, the chancellor makes the sole decision. We, the communists, oppose this. Renner told us to take ourselves out of the equation if we do not like it. Renner does not wish to work with us. What is the government currently doing? It is mainly trying to provide a legal base to the bills they are planning to pass. In fact, there are no practical activities. The common opinion among the majority of government members is that it would be better to concentrate not on positive decisions but on the finding of legal grounds

[for their plans]. There is also the inclination to take over the centralized National Socialist economy in its original form and to consult all the national-socialist experts who have survived for this project. They talk about state control a lot, about what should be in the hands of the state. The Catholics, for instance, pursue the idea of using the National Socialist apparatus for the reconstruction of the economy. The Social Democrats agree with this idea. The communists' opinion is that economic life must and can be re-established by developing individual initiatives in all aspects of life within the country. We need to ensure that the enterprises start to work again as soon and as strongly as possible; they need to be re-established and returned to service as soon as possible. The same applies to the workmen. All workmen's workshops need to be re-established, and they should start their work as soon as possible, and the workmen themselves should make efforts to re-establish their workshops and their establishments. We know what the workmen say: if they were allowed to take charge of the initiative, they would do a great deal to quickly re-establish the destroyed workshops, small enterprises, etc. In this respect, there is no mutual understanding between the communists and the Social Democrats and the Catholics. There is much talk about planned economy, about state control. But in fact, their inclination is to fill the state apparatus with their own officials and to establish some sort of political monopoly. We don't think that this will work out. We stated our point of view openly. In one of his statements, Renner pointed out that we have to re-establish our state as soon as possible in order to present ourselves to the outside world as fully prepared. This is exactly what the Social Democrats want as well; they want to present themselves to the outside world as Austria's saviors. Currently, the relations between Renner and the communists have become rather strained. Renner does not take us into consideration at all. We attach great significance to working together. If the other parties choose to limit their work to empty words and the search for various projects, we will openly oppose their activities. As far as we know, the government's current activities are not very impressive to the masses, because the masses do not see any practical results. The members of the government talk a lot about the lack of security, the difficulties with the food supply, and so on. With their talk about the lack of security, they want to concentrate these accusations at the police, who, as we all know, are headed by a communist.

After Koplenig, the minister of the interior, Honner, began to speak; he said that a proportion of the Catholics and a proportion of the Social

Democrats form a bloc against the communists. This coalition is supported by the majority of the government. They want to utilize the constitution of 1929 in order to dismiss the communist mayors and to replace them with their own people. As we know, the Red Army's military commands filled most of the vacant mayoral posts with communists who are now managing and leading the restoration of public life. The majority of the members of the government want to reconsider the local administration and appoint Social Democrats and Catholics as mayors. They do all they can to force the communists back. We can form an opposition against the provisional government. If we are going to remain silent, the masses could think the wrong way about us and get the wrong picture of our activities in the government. It cannot go on like this any longer; otherwise the situation will lead to a collapse. We are getting proposals to leave the government. If this happens, we will be forced to talk openly to the public and unmask the Social Democrats and the Catholics. Provisional governments should be established and based on agreements between the parties, and not based on "orders from above." The Social Democrats and the Catholics want to establish regional authorities similar to those the National Socialists had. Representatives of the Communist Party are appointed to such posts, where they can be easily compromised. They appoint them to unpopular positions.

Now something about the police. The Red Army is withdrawing its troops from many regions in Austria. In many towns and villages, there is no military command post anymore. Foreign workers and prisoners of war come across these villages and towns, and some of them behave disgracefully. Nobody intervenes in this respect. The Social Democrats and the Catholics use these facts against us. They ask: where are the police, what about safety? They propose the re-establishment of the old police apparatus and want to fill it with people from the past, i.e., people who used to work for the police even in National Socialist times. We are against this. We would like to have a new police apparatus with people from the broad masses involved in its work. The Social Democrats and the Catholics want to declare the Viennese chief of police, the communist Hauptmann, to be unsound, and they intend to use the allegation that 30 percent of all assistant policemen at the military command posts are riff-raff (i.e., fascists, criminal offenders, and morally corrupted elements) as their main argument. According to the old law, the Viennese chief of police needs to be appointed by the government, not by the interior minister. I am convinced that they will not appoint a communist to the position of chief of police. But I, as a member of the government, will never agree to anybody

else for this position. Now they have appointed the 78-year-old doctor Bumballa [Raoul Burenau][35] as the interior minister's assistant. He is Renner's friend. Renner promotes and supports him. He is a very experienced man, he knows the business; he used to be vice-chief of police, and he is good at organizing things; he is anti-fascist, and he would be prepared to take over the position of the police president. Bumballa said that the former police force should form the basis of the police, and the auxiliary police should be at their side. Whereas I said that the auxiliary police should form the basis, and all former policemen who were dismissed by the National Socialists need to be employed again. Renner also wants to withdraw the so-called State Police from the command of the Ministry of the Interior and put it under his guidance, as well as the coordination of the elections for the National Council. Both of these functions should be in the hands of the minister of the interior. The only thing that Renner and the Social Democrats want to leave with the Interior Ministry is criminal prosecution; they want to take the most important and prominent duties away from the ministry. We think it would be important to establish a new gendarmerie based on the former auxiliary police groups in the provinces; former policemen who were dismissed by the National Socialists in 1938 should be reintegrated there.

The next one to speak after Honner was the minister of education, Fischer, who said that the masses have no clear picture of the further development [of society] yet. A process of differentiation is going on among the Social Democratic and Catholic organizations. Representatives of reactionary elements are sitting in the government. A new generation has grown up inside the political parties. There are new people now who do not agree with the old and reactionary generation. The left-wingers of the mentioned parties are successful. The communist and Social Democratic regional and basic organizations were able to manage some cooperation among the masses. A tendency toward unity can be observed. If only the masses had the opportunity to have their representation—an overwhelming majority would pronounce themselves for unity. We could address the masses without breaking the government's unity, but we have a serious problem with our cadres at the moment. We need people and would like to ask you to send us people from Moscow and from Marshal Malinovskii's anti-fascist

[35] Member of the "O5" resistance group that fought for the rebuilding of an independent Austrian state. Under state secretary in the Office of State for the Interior in Renner's Provisional Government in 1945.

group, to select proven anti-fascists among the captives. The Social Democrats are promoting a very clever demagoguery on the issue of the captives. They want to obtain a list of all the people who are being held captive and to take measures to release them from captivity; this is how they want to gain an advantage for themselves, by saying that the Social Democrats have released the people from captivity. I think we should utilize this momentum to our advantage. Then Fischer asked the Soviets to help the Communist Party with gas because they would not get any help in this respect from the government. And if they give them gas, then they say that the cars have to be government property. We cannot agree with that.

The most important questions were answered by Comrade Zheltov. He said that it has to be the main task of the Communist Party to get the masses on their side. We need to win over the masses, not the government. If the majority of the people were on the side of the Communist Party, they [the party] could establish the circumstances they need in the government as well. Renner and the Social Democrats think that the masses are on their side. You should not start a fight with Renner if you have not won over the masses; otherwise it is not going to be a fight but only a slight skirmish. The work among the masses, among the peasants, the Catholics, and the Social Democrats needs to be expanded and deepened as soon as possible. If the government showed little activity, it would be an advantage for the Communist Party. The approach of enforcing individual initiatives and mobilizing the people to establish enterprises and the industry is absolutely correct. If the government goes on with their empty talk, then you will have to approach the workers and organize the production and the re-establishment of the enterprises with them without waiting for government decrees. You need to show more effort and practical activity; the masses need to be convinced as soon as possible, and new cadres need to be formed out of the young and proven people. Renner said that he is not going to be replaced in the next year; there is no one to whom he could pass on his position as prime minister if that were necessary. This means that we need to encourage and introduce our own people. What should the communists' position on Renner be? We will not be able to change him. What do we need? We need a well-functioning working environment based on the unity of all democratic parties. We support Renner. Let him solve the difficult problems, such as the problem of reparation or the re-establishment of industry, etc., in this complicated phase. The communists need to be in touch with the masses; we need to be the real advocates of the united democratic front. While the Social Democrats, the Catholics, and all others are

talking too much, you need to act practically and act as the instigators of all practical measures. The most important thing at the moment is to maintain the unity of all democratic parties and not to allow an explosion from within. We have to bear in mind that the government is a provisional one, and we need to use the current situation in order to strengthen our positions for the next government. Maybe the time has come to think about the publishing of party newspapers. You will need to discuss this issue, because for the work with the masses you will need your own party newspaper. Of course the Social Democrats and the Catholics will need to have their own newspapers as well, but you will have to pose questions sharply in your newspaper, in a way that would not be possible in the organ of democratic unity, the newspaper *New Austria*. Furthermore, you need to be the initiators and instigators of all practical measures in connection with the services for the majority of Austria's population. And finally, the last point: you need to keep in close contact with us; do not hesitate and wait until you are invited or asked, but talk about your problems if there are any, pose your questions if you have any, and we will help you as much as we can.

Signed: M. Koptelov

Source: AVP RF, F. 066, op. 25, p. 118a, d. 7, ll. 64–69.

DOCUMENT No. 53:

Order by the Fourth Guard Army regarding Summer Routine

May 21, 1945

The following document deals with the daily routine control of the troops of the Fourth Guards Army that regulated daily life from wake-up to the lights-out call. From 1943 until it was disbanded in 1947, the Fourth Guards Army took part in a number of decisive actions, including the Vienna Offensive.

Contents: On the common daily routine for the summer season.

In order to enable better planning and control of the combat training process, the following common daily routine for the summer season is to be introduced by May 23, 1945, for all units, staffs, and institutions of the Army's troops:

Point	Activity	Time	
		In all units	For staffs and institutions
1.	Wake-up call	6:30 a.m.	7:30 a.m.
2.	Daily physical exercises	6:35–6:50 a.m.	7:35–7:50 a.m.
3.	Morning toilet	6:50–7:15 a.m.	7:50–8:15 a.m.
4.	Morning inspection	7:15–7:30 a.m.	–
5.	Breakfast	7:30–8:20 a.m.	8:30–9:20 a.m.
6.	Political information	8:20–8:50 a.m.	–
7.	Assembly and start of exercises	8:50–9:00 a.m.	9:20–9:30 a.m.
8.	Exercises	9:00 a.m.–1:50 p.m.	9:30 a.m.–2:20 p.m.
9.	Lunch and break	2:00–3:50 p.m.	2:30–4:20 p.m.
10.	Exercises	4:00–6:50 p.m.	4:30–7:20 p.m.
11.	Cleaning of weapons and equipment	7:00–7:20 p.m.	–
12.	Political work and preparation for the exercises of the following day	7:30–9:30 p.m.	7:30–9:30 p.m.

Point	Activity	Time	
		In all units	For staffs and institutions
13.	Appointment of duties	8:30–9:00 p.m.	–
14.	Changing of the guards and internal duty	9:00 p.m.	–
15.	Dinner	9:30–10:20 p.m.	9:30–10:20 p.m.
16.	Evening inspection	10:20–10:45 p.m.	–
17.	Evening roll-call	11:45 p.m.	–
18.	Lights out	11:00 p.m.	11:00 p.m.

Signed: Zakhvataev, Shepilov

Source: TsAMO, f. 863, op. 1, d. 50, ll. 126–127.

DOCUMENT No. 54:

NKVD Report on the Investigation and Arrest of Austrians

June 4, 1945

Part of the NKVD troops' responsibility in protecting the rear of the front and in preventing partisan activities lay in searching for weapons stashes and tracking down fugitive NSDAP members and German soldiers, often based on information given by the local population.

In the course of such searches and manhunts, armed hostilities occurred, with victims on both sides.

I. Operational situation

a) According to information from the commander for the city of Korneuburg (5090), Major Ogarkov, the soldier on duty at the command post, Lieutenant Kryukov, was visited by an inhabitant of the village on June 1, 1945, who told him that Mister A. P.[36] lived in a house in the woods one-and-a-half kilometers from the village of Oberrohrbach (7090) and stored weapons there.

Lieutenant Kryukov then went to this house with a group of soldiers from the command post to verify this information and to carry out an inspection. During a search of A. P.'s house, weapons, cartridges, and shells were found.

A. P. realized the hopeless situation he was in and threw a shell toward Lieutenant Kryukov; a second shell exploded in his hands. Lieutenant Kryukov and another member of the Red Army were severely injured when the shells exploded; A. P. and his wife died.

b) Cases were recorded of enemy soldiers who wanted to evade arrest by wearing civilian clothing and pretending to be local residents, and who were attempting to deceive the officer on duty at the checkpoint (KPP) by doing so. On June 2, 1945, the soldier on duty at the checkpoint of the Second Rifle Battalion arrested such an enemy soldier.

c) There are still cases of active NSDAP members returning to their former places of residence that they left together with the German troops. On

[36] Name made anonymous by the editorial staff.

June 2, 1945, for example, a guarding unit of the Ninth Safety Unit arrested 10 persons suspected of having an active role in the NSDAP.

The commanders of the battalions received instructions on points 2 and 3.

II. The departments of the regiment were not fighting against the enemy during the past 24 hours.

III. The deployment of the regiment's units remains unchanged.

10th Safety Unit—Traismauer (5050), Sixth Safety Unit—Herzogenburg (4050), Eighth Safety Unit—Wöllersdorf (3010), Ninth Safety Unit—Wilhelmsburg (2040), Second Reserve Safety Unit, Staff of the Second Battalion—Sankt Pölten (3040), Seventh Safety Unit—secures Assembly Camp for Prisoners of War No. 87 in Sankt Pölten.

Third Battallion—21st district of Vienna, First Battalion—Fifth district of Vienna. Staff of the Regiment—18th district of Vienna.

IV. Results of the Regiment's operational actions

a) The Regiment's units have arrested the following persons during the last 24 hours:

Arrested persons	**First Rifle Battalion**	**Second Rifle Battalion**	**Third Rifle Battalion**	**Total**
1. members of the Red Army				
a) persons who were captured by the enemy	32	–	47	79
b) persons lagging behind their units	–	1	–	1
SUM	**32**	**1**	**47**	**80**
2. civilians				
a) citizens of the USSR who were displaced by the Germans male female	8 – –	150 – –	61 – –	219 153 66
among them: men fit for military service	–	–	–	81

Arrested persons	First Rifle Battalion	Second Rifle Battalion	Third Rifle Battalion	Total
b) citizens of Allied states	7	-	60	67
c) criminal elements	–	6	–	6
SUM	**15**	**156**	**121**	**292**
3. soldiers from the enemy's army	–	5	–	5
TOTAL	**47**	**162**	**168**	**377**

b) None of the captured persons have tried to escape as of the completion of the protocols.

c) Which units the captured persons belonged to and where they have been transferred to:
1. Persons who were captured by the enemy: 79 persons—46 of whom were then transferred to the assembly camp.
2. Persons lagging behind their units: one person belongs to the 34th Guards Rifle Division; another person was transferred to the 210th Army-Rear-Assembly-Camp (AZSP).
3. Citizens of the USSR who had been displaced by the Germans: 219 persons, transferred to Assembly-Transfer-Camp SPP No. 157.
4. Citizens of Allied states: 67 persons, transferred to Assembly-Transfer-Camp (SPP) No. 133.
5. Civilians: criminal elements: six persons, currently being filtrated[37] at the regiment's department for espionage.
6. Soldiers from the enemy's army: five persons, transferred to Assembly Camp for Prisoners of War No. 87.

d) The deployment of the espionage group:
In order to find and arrest criminal elements, five espionage groups (85 persons) under the command of officers have been carrying out search operations. During these operations 267 persons have been captured.

[37] "Filtrations" (*filtratsiya*) were NKVD interrogations of Soviet nationals who were seized after the Red Army's invasion of Germany and Austria. After the filtrations, organs of the NKVD decided if the people concerned were to be repatriated or sentenced to camp imprisonment or forced labor in the Soviet Union.

A typical case of an arrest

While searching the village of Kreisbach (2050) on June 2, 1945, an espionage group commanded by the adjutant of the commander of this Safety Unit, Second Lieutenant Konchester, received information on the arrival of two unknown persons who would vanish during the day and go to their accommodation during the night. After checking up on this information and finding the unknown persons' overnight accommodation, Second Lieutenant Konchester sent a patrol, consisting of Sergeant Kirillov and the members of the Red Army, Sukliyan and Pustovoii, there to arrest the unknown persons. After their arrival at the house, and when they were sure that there was nobody in the area around the house, they searched the courtyard and the rooms. The patrol could not find anything during their thorough search. The patrol member with the highest rank decided to search the surrounding area. At 7 p.m., the patrol searched a basement 200 meters from the mentioned house, where they found two men lying on mattresses. When asked various questions, they answered: "We are Austrian and live in this village." Because they were suspected of being [former] leading members of the NSDAP, they were arrested and brought to the Safety Unit.

According to information from a lieutenant colonel of the operational group of the general major of the technical troops—Comrade Gamov—the construction office of the Motoismann-Trauzell [sic] factory in the 21st district of Vienna used to be managed by a man named Schimmel. It is said that this man used to live in the USSR, in Moscow, in Rome, and in various other cities in 1932 and settled in the village of Pressbaum illegally, at the exact same time as the Red Army's units arrived there. An espionage group belonging to the 14th Safety Unit commanded by Sergeant Lakhtin was sent there to find and arrest Schimmel.

During the questioning of local inhabitants, Lakhtin found out that Schimmel lived in an apartment with friends in Pressbaum. After surrounding the apartment, the patrol checked the documents of the people who were in the apartment at this moment, but Schimmel was not among them.

Sergeant Lakhtin decided to carry out a thorough search of the apartment. As a result, they were able to find Schimmel in a well-hidden and safely locked room. Schimmel was arrested and transferred to the Safety Unit.

V. Communications situation

Stable radio contact with the administration of troops and the First, Second, and Third Rifle Battalion. Telephone connection with the administration of NKVD troops and the First Rifle Battalion. Via detectors [connection] with all units of the regiment.

Signed: Martynov, Bushkov

Source: RGVA, f. 32900, op. 1, d. 245, ll. 105–108.

DOCUMENT No. 55:

NKVD Directive regarding Ideological Training among the Third Ukrainian Front Staff

July 4, 1945

After receiving intelligence that Red Army soldiers were planning to stay behind in Austria and Hungary after their demobilization due to better living conditions in Europe's "capitalist" countries, the political department of the armed forces issued the following proposals concerning the soldiers' ideological education.

The political department of the armed forces has received the information that certain morally weak soldiers in their regiment—the Red Army's soldiers Gulin, Minakin, and Uvarov—are planning to stay in Austria and Hungary on a permanent basis after their demobilization.

They praise the order and the living conditions in Europe's capitalist countries and defame the Soviet Union. Some officers have relationships with Austrian women, a fact that carries the risk of political consequences.

I therefore propose the following:

1. The political department, the party and youth organizations [Komsomol] need to improve their work and teach the staff to show their indefinite devotion and love toward their homeland. Furthermore, they need to inform the people about the successes of our socialist state, about the reasons for defeating Hitler's Germany and about the advantages of our Soviet system of society over the capitalist system.

The staff of the troops is to be informed that the total and unconditional surrender of Hitler's armed forces does not mean that the subversive activities of the German National Socialists against the Soviet people and the Red Army have come to an end.

The enemy uses subterfuge to win the confidence of the Soviet citizens and to make them feel comfortable here. They offer them women who try to "enchant" and "pamper" our soldiers. By involving the soldiers in intimate relationships, they [the women] want to win their confidence and find out military secrets or even recruit less stable soldiers for their networks.

2. The comrades with the highest education are supposed to organize lessons, speeches, and talks with the staff on the following topics:

a) "The advantages of the Soviet economic system over the capitalist system";
b) "Sources of strength and power in our homeland";
c) "Treason against the fatherland is the most serious crime";
d) "How Soviet law prosecutes treason against the fatherland."

3. You should talk to the soldiers of the Red Army Gulin, Minakin, and Uvarov in person and inform me of their decisions regarding their remaining in the regiment.

Signed: Naneyshvili

Source: RGVA, f. 32902, op. 1, d. 11, ll. 158–159.

DOCUMENT No. 56:

A. Vyshinskii's Telegram to Marshal Konev regarding Elections in Austria

November 21, 1945

In his telegram Deputy Foreign Minister Vyshinskii criticizes Marshal Ivan Konev and his political advisor Evgenii Kiselev[38] about the fact that Moscow had not yet been informed about the election campaign in Austria. The timing of this rebuke (four days before the election) indicates that the first free elections in Austria since the end of the war were not of great interest to Moscow.

The election campaign in Austria is in full swing. The foreign press believes that the national elections and the elections in the various federal provinces are of great importance. British observers have arrived in Austria.

Still, we have not received any information about the development of the election campaign or the performance of the political parties.

I ask you to provide detailed information on the developments of the election campaign.

Signed: A. Vyshinskii

Source: AVP RF, F. (0)66, op. 25, d. 3, l. 29.

[38] Political advisor to the Soviet military/higher commissioner in Austria, July 1945–April 1948. From May 1947 also political representative of the USSR in Austria. Head of the department on the Balkan states in the Soviet Ministry of Foreign Affairs, 1948–1949. Soviet ambassador to Hungary, 1949–1954. Deputy UN secretary-general, 1962–63.

DOCUMENT No. 57:

Draft Decree by the Council of Ministers on the Transfer of Austrian Assets to the Soviet Union

March 1946

The following document contains the first recorded Soviet initiative for establishing the Upravlenie Sovietskim Imushchestvom v Avstrii (USIA)[39]—the Administration for Soviet Property in Austria. Konev's proposal led to the decision of the Soviet Council of Ministers on March 28, 1946, which formed the basis for Command No. 12 (registration of all German property in the Soviet occupation zone) and later for Command No. 17 (transfer of the confiscated German assets into USIA administration).

The administration of Soviet property in Eastern Austria

The Council of Ministers of the USSR decrees the following:

1. The commander-in-chief of the Central Group of Forces, Marshal Konev, is to be obliged to submit the formerly German properties and assets in Eastern Austria, which have been transferred to Soviet property pursuant to the decision of the Berlin Conference of Three Powers, to his administration and to give an order to render the ownership legally valid in the Soviet Union (attached).

2. To ensure the administration of the assets that have been transferred to Soviet property as per point 1 of the present decree, a department for the administration of Soviet property with its own [illegible] battalion and its own motorized transport company with a provisional personnel of 280 persons is to be established on the basis of the administration for war trophies as headed by the commander-in-chief of the Central Group of Forces.

Brigadier E.M. Borisov is to be appointed as head of the administration of formerly German assets.

3. Marshal Konev is to be instructed to establish the following incorporated companies, based on the formerly German enterprises that have

[39] The USIA was an exterritorial Administration for Soviet Property in Austria and controlled over 400 expropriated factories and transportation and trading companies. Similar administrations were also formed for Finland and Eastern Germany (SBZ).

been transferred to Soviet property and the assets of which were totally or mostly in German hands:

Incorporated company (stock company) for metal-working and engineering plants;

Incorporated company (stock company) for plants producing electronic machines and devices;

Incorporated company (stock company) for chemical plants;

Incorporated company for textile plants;

and on the basis of enterprises with a partial shareholding of Austrian assets, Soviet-Austrian joint companies are to be established.

A list of all enterprises that have been incorporated into stock companies and joint Soviet-Austrian stock companies is to be compiled and presented within one month.

4. It is specified that the organizational structure, the leading technical personnel, the bookkeeping and accounting, the salaries, and the working conditions, as well as the internal order in the enterprises which are being transferred to Soviet property, are to be kept unchanged. To implement a general leadership and to control the administration in the given enterprises, a general director (or an authorized representative) with two to five Soviet employees is to be appointed in each enterprise.

5. Marshal Konev obtains the permission to alienate (i.e., sell, rent out, or give away for free) those formerly German assets in Austria whose ownership is not of interest to the USSR. Such alienations need to be agreed with the Ministry of Foreign Trade of the USSR.

6. The state bank of the USSR (Comrade Golev) is to be obliged to establish a commercial and industrial bank in Eastern Austria, whose duties will include giving credit to the enterprises of the administration of Soviet assets.

7. Marshal Konev obtains the permission to utilize the captured metals and other materials that are at the disposal of the administration for war trophies of the Central Group of Forces for the needs of Soviet enterprises in Austria and, upon consultation with the Ministry of Foreign Trade of the USSR, to obtain raw materials and heating fuel in Poland, Czechoslovakia, and Hungary in exchange for products from the Soviet enterprises in Austria.

8. Marshal Konev is to instruct that the Council of Ministers of the USSR be provided with a production schedule for the Soviet enterprises in Austria, as well as a plan for the use of their products by May 1, 1946.

9. The Ministry of Foreign Trade of the USSR (Comrade Mikoyan) is to be obliged to establish a stock company called OROP[40] with a capital of 2 million Austrian shillings in Vienna; this company should then regulate the trade with the oil products and the natural gas obtained in Austria. All shares of this company are to be handed out to the V/O Soyusnefteeksport.

Comrade A.E. Osipov is to be confirmed as managing director of the OROP company.

10. Marshal Konev is to be obliged to put forward proposals for the appointment to the leading functions of the administration of Soviet property in Austria and to determine the board members for the stock companies as well as the tasks for the general directors (or their authorized representatives) in the enterprises; Comrade Malenkov is to be obliged to review the proposals and to confirm them with the participation of interested ministers.

11. The workers in the administration of Soviet property in Austria are to obtain the same rights as the workers in the enterprises of this administration. Furthermore, the workers in the OROP company should be on equal terms with the Soviet employees in the Soviet section/division of the Allied Commission for Austria in terms of food and consumer goods supply and living conditions.

I. Stalin

[Annex]

Order of the Commander-in-Chief of the Soviet Occupation Troops in Austria

Contents: On the process of the registration of German assets transferred to the property of the USSR and the guarding of United Nations assets situated in Eastern Austria.

According to the decree of the Berlin conference involving the three powers concerning the German assets in Eastern Austria that have been transferred to Soviet property, and in order to prevent plundering and other misuse of those assets and the United Nations' and their citizens' assets,

[40] Österreichisch-Russische Erdölproduktion (Austro-Russian Petroleum Production).

I hereby order the following:

1. All mayors of Eastern Austrian cities and municipalities that have formerly German assets on their territories are to take all necessary measures to secure them [the assets] and to submit a report on this to the Soviet military commander within 10 days from the issue of the present order.

The heads of the administrative offices, organizations, businesses, and enterprises, as well as all individuals, who use formerly German assets or who possess information about such assets, are obliged to give notice about it to the Soviet military commander within the aforementioned period.

2. Assets belonging to states that were at war with Germany, or to citizens of the United Nations, that were transferred to Austria by several German organizations after September 1 are to be registered and kept safely.

All mayors, heads of organizations, and individuals who know about such assets are requested to give notice of this to the Soviet military commander within a period of 10 days.

3. I would like all aforementioned authorities and all individuals to note that they bear full responsibility for the securing and proper use of the given assets until they [the assets] are transferred to the administration or control of the Soviet military command. All contracts signed in connection with these assets without the Soviet military command's consent are null and void.

4. All persons who do not report their knowledge concerning these assets on whatever pretext, who destroy or damage assets or give wrong information about them, hamper or try to prevent the implementation of the present order, as well as their henchmen and abettors, are to be put on trial.

5. The order comes into effect on the day of issue.

I. Konev

List of the enterprises that are to be integrated into the stock company of the machine engineering and metal processing plants

No.	Name of the enterprise	German shares in %	Number of machine units	Employees
1.	Iron foundry of the Frank und Co enterprise	100	54	67
2.	Wagner steel works	92	74	37
3.	Mannesmann und Trauzell drilling tool factory	100	–	–
4.	Wiener Leichtmetallwerke light metal alloy foundry	100	85	89
5.	Wiener Lokomotiv Fabrik AG locomotive-building factory	86.5	205	630
6.	Wiener Brückenbau- und Eisenkonstruktions-AG metal construction factory	95.3	21	914
7.	Wertheim und Co machine factory	99.7	101	318
8.	Tabak- und Spezialmaschinenfabrik H. Sch. factory for special tobacco machines	100	38	109
9.	Hans Bilstein figuring machines factory	100	38	40
10.	Rudolf Otto Maurer factory for the testing of aircraft engines	100	54	25
11.	Frank und Co instrument and machine tools factory	100	24	92
12.	Linde Ridinger Maschinenfabrik repair factory for cooling devices	100	8	47
13.	Hof Schranz Landwirtschaftliche Maschinenfabrik agricultural machinery factory	100	365	621
14.	Ostmärkische Eisenbahnsignalwerke railway signal works	75	133	126
15.	Bahnbedarf works for the production of railway equipment	100	14	42
16.	Autokühler engine radiator factory	100	13	33

Source: AVP RF, f. 06, op. 8, d. 312, ll. 4–8.

DOCUMENT No. 58:

Memorandum by E. Kiselev on the Political Situation in Austria

June 5, 1946

In the following document the USSR's political representative in Austria, E. Kiselev, draws a broad picture of the political situation in Austria from the Soviet point of view.

He states that the ÖVP (Austrian People's Party) was openly oriented toward America and pursued a pro-American policy; their leaders "are regarded as agents of the USA in Austria." To the Soviet's chagrin, the Socialist Party was able to maintain its influence on the masses. Judging the party by its leaders and its policy, Kiselev describes the SPÖ (Socialist Party of Austria) as "one of the most right-wing social democratic parties in Europe at the moment; (...) the politicians of the SPÖ have been acting as strict opponents of the Soviet Union and have been leading the anti-Soviet propaganda in Austria. (...) The struggle for a united working class by forming a unified party seems to be impossible under the given circumstances." On the other hand, Kiselev mentioned the decrease in popularity of the ruling parties and the increasing influence of the communists.

Appendix on the political situation in Austria and the tasks for our policy

1. Domestic situation

The development of the Austrian domestic and foreign policy since the last elections has been influenced to a great extent by the clear election victory of the right-wing People's Party (it got 85 out of 165 mandates), as well as by the relative success of the Socialist Party (76 mandates) and the failure of the communists (four mandates). The government that was then formed according to the election results is referred to as "Concentration of All Democratic Powers" because it involves a representative of the Communist Party as well. But in fact it is a coalition of the two victorious parties—the pro-American People's Party and the pro-British Socialist Party. The ÖVP plays the leading role in this coalition. Although they are actually part of the government, the communists have been playing the role of the opposition party so far.

The main focus in the domestic policy of Figl's[41] government lies in preventing the democratization of the country and delaying the decisions

[41] Leopold Figl (ÖVP), from 1945 (until 1953) first chancellor of the Second Republic of Austria, after the dissolution of the Provisional Government under Renner. From

about important questions on the economic and political reconstruction of the country. By sabotaging all measures connected with the reconstruction of the country, such as the nationalization of the economy, the agrarian reform, denazification, and the improvement of the food supply situation, the government is trying to create a disastrous situation in the country and utilize it for their work against the Allies, and especially the Red Army.

Therefore, the re-establishment of industry and public transport is going on very slowly. Two factors could stimulate the industrial upturn: quick nationalization and the signing of trade agreements about the supply of raw materials with the neighbor states. But the government is hampering both. Austria has not signed a single trade agreement thus far, except for local agreements with Czechoslovakia and Poland. Some time ago, the Socialists determined their reconstruction program. Its main point is not the implementation of the mentioned measures but the appeal to prevent the implementation of the Potsdam agreements. The Socialists accuse large-scale capitalists and the leadership of the ÖVP of being responsible for the prevention of nationalization.

No efforts were made toward the implementation of the land reform, either. The fact that there were cases of farmers who tried to forcibly obtain land from a large-scale landowner proves that this problem needs to be solved urgently.

In terms of food supply, Figl's government and the ÖVP are trying to cause an artificial famine in the working-class centers, especially inside the Soviet zone. As a result, demonstrations and strikes have been organized in the Soviet zone as well as in Styria and the [Western] Allied districts of Vienna. Despite all efforts, the Socialists were not able to channel the population's displeasure to the Red Army and the Soviet occupation authorities. It [the displeasure] was instead directed toward the government.

The UNRRA[42] turned out to be a great disappointment for the masses. After it took over the responsibility for the food supply in Austria, the supply situation got worse and the standards were reduced. After a final attempt to reduce the rations from 1,200 to 700 calories, the masses, and especially the workers, started to call for a trade agreement with the Soviet Union as the only way to escape this disastrous situation. In response to

1938–1945 imprisoned in the Nazi camps of Dachau and Mauthausen. Austrian minister of foreign affairs, 1953–1959.

[42] United Nations Relief and Rehabilitation Administration. Through this program 800,000 tons of food were transported to Austria. From the end of 1945, about 48,000 displaced persons were being cared for by the UNRRA.

the pressure from the masses, the government and the parliament needed to decide on the immediate start of negotiations concerning the conclusion of a trade agreement with the Soviet government, although the Americans and the British had forbidden them from entering into direct relationships with the Soviet Union.

The transfer of German assets in Eastern Austria to Soviet property[43] is at the center of the attention of the Allies' anti-Soviet propaganda and their intelligence services—the SPÖ and the ÖVP. The Socialists especially have been spreading a lot of propaganda on this question recently. They portray the transfer of German assets to Soviet property as an economic catastrophe and as the loss of Austria's economic independence. Nevertheless, the campaign against the agreements from the Potsdam Conference did not have the effect the Socialists had anticipated. Contrary to their expectations, [the campaign] did not cause any outrage among the workers. On the contrary, the movement in favor of regulating the question of German property through direct negotiations with the USSR is getting stronger. The Austrian government, which has not made any efforts in this direction so far, is now pretending to try to start negotiations with us.

It is characteristic that the campaign against the Potsdam agreement in the Austrian press has decreased recently.

2. Denazification and punishment of National Socialist perpetrators

According to an official survey from 1939, the number of leading members of the National Socialist Party in Austria was 101,582. The total number of members of the party and its sub-organizations was 17 percent of the adult population. These figures show the enormous importance of denazification in Austria.

Although the slogans that are being distributed by the Austrian government and were spread earlier by the provisional government, as well as by the Socialist Party and the People's Party, look democratic on the surface, the efforts to cleanse Austria of National Socialists are being hampered. The measures the occupation authorities take in order to accelerate this process are met with direct resistance from the Austrian authorities, institutions, and influential individuals.

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[43] In Eastern Austria since 1945, based on the Potsdam Agreement, businesses and property were being confiscated as German assets by the Soviets. However, what was seized was not only German property but also originally Austrian or foreign (especially Western European) assets and property "Aryanized" by the Nazis.

According to official data from the Ministry of the Interior, 514,353 National Socialists were registered in Austria on May 29, 1946:[44]

in Vienna	110,249
in Lower Austria	82,709
in Burgenland	10,435
in Styria	83,662
in Upper Austria	83,162
in Tyrol	44,531
in Carinthia	45,175
in Salzburg	35,299
in Vorarlberg	14,682

More than 100,000 National Socialists who were not registered for various reasons need to be added to these figures.

The following figures are available for denazification:

Soviet zone	13,145
British zone	12,447
American zone	13,000
French zone	8,842

The Allied Commission twice set a time limit for finishing denazification; the Austrian authorities, the government, and especially Interior Minister Helmer are the only ones to blame for the fact that this time limit could not be met. Helmer was [as he said] "the first one to finish denazification by dismissing all important and less important Nazis from the ministry, police, and gendarmerie." After a check-up it became obvious that in the British occupation zone alone, 40 percent of all National Socialists remained in the police force; in the gendarmerie it was even 80 percent.

The question concerns not just the dismissal of National Socialists from state and economic institutions. The Austrians were able to think of numerous ways to keep National Socialists within the force or to at least ease their fate. National Socialists who have been dismissed in one institution get a job in another one in which the denazification process has already been completed. Many institutions keep paying the dismissed National Socialists their full wages and employ them as "consultants." The most

[44] These figures are accurate.

widespread method is to pay the dismissed National Socialists pensions. This practice is common among absolutely all Austrian institutions, despite the categorical ban that was issued by the Allied authorities.

After Austria's liberation 12,500 National Socialists and war criminals were captured in the Soviet zone. But both the judicial organs and the government tried to do all they could to prevent trials against the captives. Out of all of the captives, the Austrian public prosecutors released 8,265 formerly known National Socialists and referred only 1,235 to the courts. Within one year and a couple of months, the cases of 565 captured National Socialists were heard at Austrian courts; 500 were sentenced (mostly to light penalties), and 64 were acquitted.[45]

3. Political Parties

The balance of forces between the political parties that has occurred as a result of the elections has not changed noticeably. The ÖVP remains the strongest party. Although it experienced some difficulties, it has been able to unite all right-wing and reactionary elements in its ranks and strengthen its position and its influence among the peasants, the bourgeoisie, and the Catholic petit-bourgeois masses. Its policy is determined by the right-wingers in the party. The progressive elements of the party have been marginalized; their influence on politics is marginal. The position of the Catholic-clerical circles has been gaining power; they are oriented toward the Vatican and pursue a policy that is similar to the one pursued in the times of the Heimwehr. Their aim is to transform Austria into a stronghold of the Catholic reactionary movement.

Under the current circumstances in which the disputes inside the party are growing, Figl and his followers would have difficulties asserting the party leadership inside the government if it was not for the support of the Americans.

The People's Party is basically oriented toward America and pursues a pro-American policy. Figl and especially Gruber[46] are regarded as agents

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[45] The figures cited in the document cannot be verified in detail, as the 12,500 prisoners mentioned are not explicitly categorized. The Soviet authorities arrested thousands of Austrians in the context of their denazification policy but released the majority without registering their numbers. The Soviet authorities also transferred lesser former-National-Socialist offenders to the Austrian judiciary. In this respect, Soviet policy in Austria differed considerably from in Eastern European countries, where political opponents were frequently persecuted under the pretext of an "anti-fascist policy."

[46] Karl Gruber, Austrian foreign minister 1945–1953, known for his pro-Western and anti-Soviet orientation.

of the USA in Austria. This explains why the Americans are trying to strengthen the position of Figl's government and to prevent new elections by any means; they could not possibly imagine a better government than the one under Figl. The People's Party and Figl in particular are expecting that they can keep themselves in power with the support of the Americans. But the increasingly difficult political situation combined with the problems in terms of food supply have made it necessary for the ÖVP to take some measures to strengthen their positions. For instance, Figl was forced to agree on the conclusion of a trade agreement with the Soviet Union in order to solve the problem of German property through direct negotiations with the Soviet Union. But it would be wrong to think that the People's Party is going to change its domestic policy and even less its foreign policy. It is dependent on the Americans, and therefore it is only able to perform some kind of provisional maneuver.

The Socialist Party, which has been conducting a broad range of intense activities among the workers, has recently been able to maintain its influence on the masses, but not quite at the expected level. The party has 350,000 members at the moment, 160,000 of them in Vienna. Judging from its leaders and the policy the SPÖ is pursuing, it is one of the most right-wing social democratic parties in Europe at the moment. It seeks the leading position in the re-establishment of the new Socialist International. The party leadership is in the hands of right-wing elements who used to cooperate with the National Socialists in the past—Renner, Schärf,[47] Helmer,[48] Speiser,[49] Seitz, etc. The left wing, which basically consists of inexperienced party members, has no clear organization and is not supported by the party and is therefore not able to exercise influence over the masses.

Tactical maneuvers and demagoguery are typical features of the SPÖ. Because the party leadership is against the democratization of the country, against denazification, and against the nationalization of industry, it has to hide its policy not only from the party's base but from the members of the central committees and the members of parliament as well.

That is why the socialists in the National Council and the government sometimes support proposals against which they are actually leading a fierce struggle, such as the trade agreement with the Soviet Union.

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[47] Adolf Schärf (SPÖ), vice-chancellor of Austria 1945–1957. President of the Republic of Austria 1957–1965.

[48] Oskar Helmer (SPÖ), Austrian minister of the interior, 1945–1959.

[49] Paul Speiser (SPÖ), city councilman in Vienna, 1945–1947.

The SPÖ already started to orient its policy toward Great Britain before the election. Since one of the SPÖ's representatives, Schärf, traveled to London and had a meeting with Bevin, during which the SPÖ and the Labour Party obviously concluded a direct agreement, the SPÖ has turned into an intelligence service for the British and now coordinates its policy with the British. From this moment, the politicians of the SPÖ have been acting as strict opponents of the Soviet Union and have been leading the anti-Soviet propaganda in Austria. The struggle against the Potsdam agreements and for the withdrawal of the occupation troops forms the base for this propaganda.

The SPÖ's main organ, the *Arbeiter-Zeitung*—whose editor-in-chief is Oscar Pollak,[50] a Trotskyist and great enemy of the Soviet Union—has turned into the British mouthpiece and the center of anti-Soviet propaganda in Austria. Nevertheless, the newspaper only rarely dares to attack [the Soviet Union] openly.

Upon Bevin's[51] order the leadership of the SPÖ formed a bloc with the ÖVP, and now they pursue a common policy on the main issues such as nationalization, implementation of a land reform, denazification, and German property in Austria. The socialists, who are led by the right wing, display an openly hostile attitude toward the communists. The struggle for a united working class by forming a unified party seems to be impossible under the given circumstances.

Assuming that the Socialist Party could strengthen their position among the masses, they have been trying to provoke a government crisis, the resignation of the government and new elections recently. According to their plans, the government crisis should have taken place in August and the new elections in September. In order to reach this goal, they tried to utilize the difficulties in terms of food supply and the propaganda against the occupation and the Allies' control over the Potsdam agreements. The starting point of the socialists' election campaign was the campaign on the "Program of Reconstruction," which was presented with demagoguery and populist slogans about the revision of the Potsdam agreements, withdrawal of the occupation powers, and the restoration of Austria's political independence. But the campaign has failed. Only 20,000–25,000 people came to the 305 meetings in Vienna that were regarded as very important, although the

[50] Oscar Pollak, editor-in-chief of the *Arbeiterzeitung* 1945–1961. In exile in Brno, Paris, and London, 1934–1945.

[51] Ernest Bevin, British foreign minister, 1945–1951.

organization has 160,000 members in Vienna alone. This forced the socialists to rethink their position and give up on the idea of new elections.

The Communist Party, which suffered a major defeat in the elections, has not only pulled through a crisis on which the other parties were relying but could also increase its influence on the masses. The number of members increased by 25–30 percent; it has 140,000 members at the moment. One thousand eight hundred of all 8,000 factory committees are dominated by the communists. Their daily newspaper has a circulation of 220,000–225,000.

Formally, the party takes part in government work, but in fact it plays an oppositional role and strongly criticizes the government, especially in the issues of food supply, denazification, economic reconstruction and organization, and nationalization of the big industrial enterprises and banks, as well as land reform.

The KPÖ's weak point is that thus far it has not touched the main question that is of the greatest importance for Austria at the moment—the question of Austria's sovereignty and independence. The party will not be really successful in mobilizing the masses if it does not show any initiative in this question.

The communists do not wish to hold new elections in the near future, because they do not think that they could gain decisive influence on the masses within a short period of time. They could only achieve a greater success in new elections if [the elections] were not to take place earlier than next spring.

4. Foreign policy of the Austrian government

The foreign policy of Figl's government has been oriented toward the West from the beginning. The government has turned out to be a British and American intelligence service, recently taking only measures that have been approved by [the British and Americans]. At the direct request of the British and Americans, Figl takes a reserved position toward the Soviet Union and still refuses to solve the questions about the Potsdam agreements in direct negotiations with the Soviet government.

As soon as it became obvious that a food disaster in Austria could not be prevented without help from the Soviet Union,[52] growing pressure from

[52] Indeed, the food situation in Austria, especially in Vienna, was drastic at the end of the battle for Vienna. A catastrophe was avoided only with the help of the Red Army.

the masses forced the government to start negotiations about the conclusion of a trade agreement.

Although Austria seems to be interested in the further development of its relations with its neighbor states, the policy of Figl's government and both parties—the SPÖ and the ÖVP—aims at worsening the relationships with these countries. Not much has been done with regards to this question, which is of great importance for Austria, except for some very small and local agreements with Czechoslovakia, Poland, and Hungary. This is because the Americans and the British are exercising direct pressure in order to prevent Austria from becoming somehow dependent on the truly democratic countries—the countries that are on friendly terms with the Soviet Union. To definitively divide Austria from these countries, British-American intelligence has initiated some statements by Austria with territorial claims on Hungary (Sopron) and Czechoslovakia (a letter from 13 communities), as well as a massive campaign about the notorious "subversive activities" of the Carinthian Slovenes. At the same time, Figl declares that Austria has no territorial claims on Germany. This is obviously done to the advantage of the Americans who want to tie Austria to the Catholic province of Bavaria. On this question the government and the two parties do not have support from the masses, because Austria and the Austrians place great importance on their former relations to the East, and those relations are therefore regarded as a matter of fact and are popular among the Austrian population. We need to utilize Austria's relations with the Balkan states as a particularly effective tool for the strengthening of the Soviet position in Austria, direct participation in the country's democratization, and for guiding economic development in the right direction. In this respect the easiest way to unmask Figl's government would be to explain to the Austrians that the current government policy, aiming at the security of Austria's national interests and British and American business circles, is harmful to the reconstruction of Austria's economy.

The attitude of the Austrian population toward Great Britain and the USA has changed recently, especially since the food supply situation worsened after the UNRRA took over responsibility in this respect, and since the conference of foreign ministers made its decision concerning South Tyrol. Some of the Austrians have noticed the huge differences between the West-

On May 1, one week before the capitulation of Germany, Stalin gave the order to release 7,000 tons of peas, 1,000 tons of bread, and other supplies from the reserves of the Red Army.

ern powers' alleged and real policy concerning Austria. According to various information, the Western-oriented policy Figl's government is pursuing concerning the failed campaign on the integration of South Tyrol has been strongly criticized in Tyrol. The government's and especially Gruber's popularity is decreasing. People are becoming more and more convinced that this kind of orientation, which makes Austria dependent on British and American politics, does not correspond with the national interests.

The Allies and in particular the Americans can be satisfied with the regime that was established in Austria after the elections and especially with the composition of the current government and parliament and its obvious orientation toward the West. Their [the Allies'] policy in Austria is essentially based on strengthening the reactionary regime and the authority of Figl's government.

5. British and American proposals about Austria and our position in this respect

Sovereignty. The British and American proposals about Austria are formally oriented toward the re-establishment of Austria's sovereignty by concluding a peace treaty or a state treaty. (The USA, which did not recognize Austria's Anschluss, promotes the idea of a peace treaty, whereas Great Britain, which did recognize the Anschluss, supports the idea of a state treaty.) The basic idea is this: because the government and the majority of members of parliament are being held on a leash by the British–American bloc, the Allies are trying to utilize and strengthen their influence in Austria by presenting themselves as friends and advocates of Austrian independence, although they obviously have neither the intention nor the possibility to withdraw the occupation troops from Austria and give up the Allies' control over Austria.

There is no doubt that the majority of the Austrian population sympathizes with the British and American proposals that were adopted by the ÖVP and SPÖ, because national independence and sovereignty are a sensitive issue. This is even more relevant, as both parties' active propaganda, which blames the occupation regime for the difficult economic situation in Austria, is successful.

All declarations aim, and all British–American propaganda in Austria aims, at presenting the Soviet Union as the only state that is against the re-establishment of sovereignty and against the abolition of Allied control to the Austrians.

Reduction of the number of troops. We reject the idea of a peace treaty, which would mean the abolition of all control functions of the Allies and

the occupation regime, because basic questions about a democratic re-establishment of Austria's economy and politics have not been answered yet; because Austria has not been cleansed of former leading National Socialists, who have settled in particular in the Western occupation zones; and because the issue of Soviet claims concerning German property has not been solved yet. The control agreement that has recently been concluded and proposed to the Allied governments for discussion, on the other hand, completely corresponds to our interests and provides the Austrian government with more power and authorities.

If we, however, reject the idea of concluding an agreement with Austria, and delay the re-establishment of Austria's national sovereignty, this would automatically reduce the sympathies for the Soviet Union, due to the aggressive campaign the British and American agents in the ÖVP and SPÖ are pursuing. Furthermore, a rejection would put the KPÖ in a much worse position than any other party. While both the ÖVP and the SPÖ have not acted honorably in the matter of a sovereign Austria in the past, the KPÖ, which has always led an honorable struggle for Austria's independence, is not able to take any initiative in this decisive question, because it cannot promote the withdrawal of the troops and the abolition of the occupation regime until the Soviet government defines and announces its position on this question.

It would therefore be appropriate to announce the Soviet government's position on the issue of Austria's sovereignty. As far as the further and significant reduction of occupation troops is concerned (i.e., the maintenance of a significantly reduced troop in the form of police units for the guarding of Soviet assets), it could only take place under the following conditions, which the Allies would probably not be able to accept:

1. The evacuation from Austria of all foreign fascists and all people who are not Austrian and are currently in camps—so-called DPs. There are 300,000 of them in the Western occupation zones.
2. The complete denazification of the political and economic apparatus under the control of the Allies and replacement of all dismissed persons with democratic elements.
3. The strict and complete implementation of the agreements of the Berlin conference on the transfer of German assets in Eastern Austria into the property of the Soviet Union and the formal settlement of this transfer by the government and the parliament adopting the necessary legislative acts in this respect. It is necessary to publish the value of the German property that is going to be transferred to

the Soviet Union. This measure will obviously have a healing effect, and the defamatory propaganda that is being pursued by the British and the U.S. and their intelligence services in Austria—the ÖVP and the SPÖ—will come to an end.

4. The announcement of a law by the Allies and then also by the Austrian Parliament saying that, for the next 10 years, no Austrian property and no investments shall be transferred to foreign capital but must remain property of the Austrian state or its citizens. The Americans and the British pursue a policy of economic subjugation by taking possession of Austrian property; that is why such a bill would clearly be directed against the Americans and the British.

We think it is also possible and necessary to discuss whether the Soviet government is prepared to talk about the withdrawal of the armed forces from Austria and the complete re-establishment of Austria's sovereignty under the condition that all the aforementioned preconditions, as well as the conditions of the declaration regarding the defeat of Germany and the Allies' declarations regarding Austria, will be fulfilled, especially concerning the destruction of Austria's potential in the arms industry. The remaining issues—territorial issues, Austria's admission to the UN, etc.—could be regulated in an agreement about Austria's status that would also imply the complete withdrawal of occupation forces from Austria. We think this kind of position and propaganda will reduce the [Western] Allies' influence, because the rejection of these conditions, which are mostly unacceptable for them and partly (point 1) not feasible, will show how hypocritical the [Western] Allies' proposals are. This will bring sympathy to the Soviet Union, and it will help the democratic powers in Austria to strengthen their position and their policy aiming at the strengthening of relations with the Soviet Union, the Balkan states, and the truly democratic countries. As a result, the KPÖ would get the chance to lead this movement in Austria, to have the initiative in their own hands, and to undermine the ÖVP's and the SPÖ's influence on the masses.

Signed: General Kurasov,[53] Kiselev

Source: AVP RF, F. 012, op. 7, p. 101, d. 80, ll. 35–50.

[53] From May 1946 to April 1949, Soviet high commissioner in Austria and commander-in-chief of the Central Group of Forces.

DOCUMENT No. 59:

Report on the Moral Discipline of MVD Troops in Austria

October 10, 1946

The following document deals with the political and moral state and the military discipline among the MVD troops for the protection of the rear of the Central Group of Soviet Forces from July to September 1946. The report gives an overview of incidents—including "immoral incidents and soldiers' crimes" like desertion and drinking and "soldiers' offenses" such as disobedience or absences without official permission.

The study and implementation of the new disciplinary regulations and the new statutes of the internal service of the Armed Forces of the USSR, and the educational work that had been carried out, caused political and moral conditions, military discipline, and internal order to be strengthened in most of the units and subdivisions over the given period of time.

There was not a single case of political crime, no negative incidents during the times of duty or free time, and no cases of desertion. Furthermore, the number of extraordinary incidents decreased, as well as the number of persons who had to be brought to justice for various offenses.

The one case of politically harmful statements referred to in form No. 8-b, in which the assistant of the staff leader of the Sergeants' School, Captain E.N. Golubchenko, praised life and the system in capitalist countries, occurred due to his political and general backwardness and was prosecuted duly by army and party organs.

Golubchenko was brought to justice by the party and was dismissed from service (our report No. 01100 from 14/9/1946).

Comparative data about immoral incidents and soldiers' offenses among the troops are represented in the next table.

The given data show an insignificant decrease in immoral incidents, as well as a slight increase in soldiers' offenses for the past quarter of the year.

All troop units and subdivisions except for the 24th border regiment were able to achieve a decline in immoral incidents in the given quarter of 1946. In the 24th border regiment, the number of immoral offenses has doubled

List of negative incidents	Third quarter 1946		Second quarter 1946	
	Number	Percentage of occurrence	Number	Percentage of occurrence
1. Immoral incidents and soldiers' crimes	65	2.2	67	2.2
Including: a) desertion	None	-	4	0.12
b) hard drinking	55	1.7	32	1.1
c) venereal diseases	6	0.2	28	0.9
2. Soldiers' offenses	293	10.0	243	8.2
Including: a) unfulfilled commands	None	-	2	0.06
b) absences without official permission	15	0.5	18	0.6
3. Conviction by the military tribunal	16	0.5	20	0.7

over the past quarter, including 23 cases of hard drinking compared to eight cases in the preceding quarter.

The rise in hard drinking in the 24th border regiment was the main reason why so many immoral incidents took place in the quarter under review. It also caused a general increase in hard drinking cases among the troops, from 32 cases in the second quarter to 55 cases in the third quarter.

Accordingly, the number of cases of hard drinking with criminal consequences increased as well.

Thanks to the prophylactic, medical, and explanatory measures that had been introduced, the number of cases of venereal disease among the staff was reduced from 28 cases to six.

There was a slight decline in the number of immoral incidents among officers and soldiers in the period under review; nevertheless, the situation remains unchanged among the sergeant staff.

The percentage of immoral incidents among members of the Komsomol is considerably lower compared to communists and non-party-members—it makes up 1.7 percent. However, the overall number of immoral incidents among Komsomol members has increased by seven cases in the quarter under review, while a slight decline could be observed among communists and non-party-members.

A growth in the overall number of soldiers' offenses among the troops from 243 to 293 cases and the percentage of occurrences connected with that could be noticed in the following types of offenses against military discipline.

a) Negligence of military property and equipment—from 13 to 47 cases.
b) Sleeping while on duty—from three to eight cases.
c) Offenses against the internal order—from eight to 26 cases.
d) Leaving post during duty—from zero to four cases.
e) Other offenses—from 84 to 106 cases.

Regarding the type of staff, military offenses decreased slightly only among sergeants. In all other groups, there was an increase in all types of offenses, especially in negligence of military property.

The highest increase in the number of military offenses occurred:

In the administration of troops with subdivisions—from four to 28;
in the 24th border regiment—from 65 to 87;
in the 383rd rifle regiment—from 129 to 150.

This data shows us that despite a significant increase in military offenses in several troop units and subdivisions, the disciplinary situation remains particularly unsatisfactory in the 383rd rifle regiment. Furthermore, a considerable proportion of the officers in this regiment do not set a good example in terms of obeying and maintaining the military discipline yet. Individual officers are the main culprits in severe offenses against military discipline (Rodin, Shibaenko, Gnechko, Uchitel', Khromin, and others).

Form No. 8-z shows that the commanders of special subdivisions and regiment staff officers suffer the largest damages from incidents—most of them members of the supply troops or the front troops.

Half of the offenses that were tolerated by the officers over the period under review are cases of a negligent attitude to work or negligence of military property and equipment.

The presence of the aforementioned shortcomings, growing alcoholism, and the increase in the overall number of military offenses among the troops, as well as the bad disciplinary state in the 383rd rifle regiment, can be explained by the following facts:

1. The bad organization of educational work in some subdivisions, the low awareness of individual members of the army, connected with the possibility of buying large quantities of wine from the recent harvest for two to five shillings per liter. A significant number of soldiers and sergeants from the aforementioned subdivisions showed instability in this respect and, utilizing the special features of our work, allowed for cases of hard drinking. The commands of the units and subdivisions as well as the political organs, particularly the 24th border regiment, were not able to take this fact into consideration in time to take the necessary preventive measures against drinking.

2. Carrying out the biannual inspection of clothing, equipment, food supply, and the inspection of the work of supply organs, the commissions noticed a large number of deficiencies, which can be explained by the negligence of individual members of the army who then underwent appropriate disciplinary penalties. In the 383rd rifle regiment, for instance, disciplinary proceedings were opened against 24 soldiers, sergeants, and officers. Furthermore, proceedings were opened against seven people from the same regiment, as well as against seven people from the administration of troops for their negligent attitude concerning the storage and stock-taking of food supplies and clothing.

Particularly significant shortcomings and cases of neglect were detected in the work of the logistic department of the 383rd rifle regiment, because the command and individual political officers had gotten accustomed to the members of the supply troops and therefore did not notice the gross violations of their commands and the directives from the center.

3. The quarter under review has been a period of studying and implementing new regulations. The growing number of violations of the internal order and other offenses (offenses in terms of proper uniforms, internal order, violations of the rules of behavior toward superiors, etc.) can be explained by the fact that many soldiers, sergeants, and officers have not yet adopted the new standards of the disciplinary regulations and the statutes of the internal service, and therefore allowed for deviations from these standards, for which they were consequently punished.

This situation was the main reason for the increase in military offenses in the last quarter; it shows that the study and explanatory work on the new regulations in some subdivisions did not meet the high requirements that were set to the staff in connection with the implementation of the new regulations.

4. Due to the fact that some officers do not know their subordinates very well and do not control their activities while on duty and in their spare time properly, individual undisciplined army members were able to commit various offenses against the military order (sleeping while on duty, leaving their posts, being absent without official permission, etc.) behind the backs of their superiors. Another reason why these offenses and incidents could occur was the lack of strict internal discipline in some of the subdivisions.

The controls carried out on the spot showed that the number of such shortcomings in the 383rd rifle regiment is higher than in other units, even if the disciplinary situation has improved here as well in the past quarter in comparison to the quarter before. Still, the situation remains alarming and falls far behind the situational requirements.

5. The large number of offenses against military discipline in the 383rd rifle regiment can be explained by the following reasons:

a) The low standards of party political and educational work among the staff, for which the political workers of the regiment in particular are responsible, particularly the regiment's deputy commander for the political department, Lieutenant Colonel Comrade Shevelev.

b) The inexperience and the poor training of the regiment's officers, the inability and unwillingness of individual officers (especially company commanders) to carry out training and educational work among their staff.

c) The significant number of criminal and politically and morally unreliable elements in the regiment. When the regiment was established, they admitted many soldiers, sergeants, and officers with previous convictions—people who had not been checked up on and who were in fact untrustworthy in regards to their former work experiences and their moral characteristics.

A detailed report on the reasons for the low level of military discipline and about the measures we have been taking has been sent to the head of the internal troops of the MVD of the USSR, General-Lieutenant Comrade Burmak, in the internal memorandum No. 001049 from 8/9/1946.

Measures

1. To improve the training and the educational and party political work, the officers of the units' troop administration were provided with significant practical help in the past quarter of the year; this applies particularly to the command of the 383rd rifle regiment.

In this regiment, a commission of experienced officers from the troop administration worked on the organization of the training and educational program for all kinds of army members for 10 days. In addition to a comprehensive inspection of the work of the regiment's staff, the battalions' staff and the political workers, a number of instructive, methodological, and informational lessons were carried out within the military and political training program. The results of the commission's work and their instructions were discussed at a meeting of the regiment's officers. However, the leading officers of the regiment and the battalions, as well as the commanders of the subdivisions, did not display the necessary forcefulness in wiping out shortcomings that were discovered by the officers of the troop administration.

2. In connection with the receipt of the order by the commander-in-chief of the ground forces of the Armed Forces of the USSR No. 014 of 7/11/1946 about the struggle against desertion and crime inside the Army, the troops' staff and political department developed a review directive and sent it to their units; in this directive, our measures for the further strengthening of the political and moral state and military discipline were explained. Despite its [this document's] high value and the concreteness of the measures and requirements, the deputy commander of the political department for the 383rd rifle regiment did not find the time to submit it to his officers. Nor did he consider it necessary to discuss it with the political workers of the regiment until the arrival of the officers of the troops' political department.

3. With regard to the issue of strengthening the political and moral state and implementing our directives inside the units, party meetings were organized with the participation of officers from the troop administration. Unit commanders and heads of the political organs delivered speeches there.

4. After the inspection and controls of the personnel, carried out by officers of the troops' staff and the political department, the units' command identified 23 army members in the past quarter who had been untrustworthy in their political and moral features and could therefore no longer be used for

service in the troops. They were all dismissed from the troops. Fourteen of the dismissed persons used to serve in the 383rd rifle regiment.

Sixteen army members who committed military offenses in the past quarter were convicted by the troops' Military Tribunal. They were convicted of the following offenses:

six persons—for theft of military property;
five persons—for absences without official permission;
five persons—for other offenses, most of which took place in a state of drunkenness.

Disciplinary proceedings were opened against the vast majority of army members who had behaved negatively; three of them were judged by the officers' court of honor.

The Party Commission at the troops' political department brought 19 communists to (party) justice for breaching the party's code of conduct, negligence during service, and for other offenses disgraceful to communists; five of them were excluded from the VKP(b). Furthermore, seven persons were brought to (party) justice for immoral activities.

5. In connection with the receipt of the order on redeployment to the homeland and disbandment, the staff and the political department developed a plan of measures aimed at sustaining the discipline and order in the units and subdivisions during this period; the aforementioned shortcomings in terms of discipline and political and moral state were taken into consideration.

6. At the end of September, a party meeting with the participation of the leading officers took place at the administration of troops. At this meeting, the decree from the Central Committee of the VKP(b) of July 26, 1946, and the directive from the political department of the internal troops of the USSR's MVD No. 24/5–016263 of August 31, 1946, were discussed, the latter of which had been issued in connection with the given decree. Furthermore, an action plan for the implementation of the aforementioned decree by the troops' political department was submitted.

In addition to this, the upcoming tasks for the redeployment period were explained at the meeting.

7. In connection with the redeployment and the changed situation, meetings of all officers were organized in the units. At these meetings, special attention was paid to the necessity of maintaining strict discipline and high moral standards within the subdivisions.

The tasks resulting from the order to redeploy and disband the troops are being discussed at closed party assemblies. There will be talks with soldiers and sergeants, the contents of which were determined and sent to the units by the political department of the troops.

General conclusions

The staff is in a healthy political and moral state. Generally, the discipline complies with the spirit and the requirements of the regulations and instructions of the Soviet Army.

The vast majority of soldiers, sergeants, and officers served their state outside the homeland's borders in a respectable and honest manner.

Now it is the task of the Command and the political organs and the party and youth organizations to accomplish the train journey to the homeland in as organized a way as possible and to not permit any immoral incidents or other criminal acts among the staff. The homecoming will be used broadly for political and party work—it should help to teach the soldiers to love their homeland, its people, and the Bolshevik party infinitely and to show the greatest devotion toward them.

Signed: Zimin-Kovalev, Shukin

Source: RGVA, f. 38650, op. 1, d. 1222, ll. 193–199.

DOCUMENT No. 60:

Letter from the Chief of GUPVI[54] M. Krivenko,[55] to the Minister of the Interior, S. Kruglov,[56] on the Repatriation of 5,000 Austrians

January 20, 1947

The following document is the final report on the early repatriation of more than 5,000 Austrian prisoners of war at the end of 1946 and the beginning of 1947.

Your order No. 001042 "On the liberation and sending back to their homeland of 5,000 Austrian prisoners of war" from November 28 was executed within the period foreseen.

Five thousand eighteen Austrian prisoners of war released from the Ministry of the Interior of the USSR's POW camps in the rear (among them 1,038 anti-fascists) were handed over to representatives of the Austrian government in Wiener Neustadt (Austria).

The officials receiving the prisoners of war, the Austrian press, and the Allies' press (the GUPVI has newspaper clippings at its disposal) noted the good physical condition and mental state of the prisoners of war. Representatives of the Austrian government—Minister of the Interior Helmer, Minister of Justice Gerö,[57] Minister for Securing Property Krauland,[58] and representatives of the Communist Party, Socialist Party, and People's Party—delivered speeches at the meetings organized by the Austrian government on the occasion of the liberation of prisoners of war.

The prisoners of war listened carefully and sympathetically to the speeches given by the representatives of the Communist Party and applauded enthusiastically.

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54 "Glavnoe Upravlenie po delam Voennoplennykh i Internirovannykh," Main Administration for Affairs of Prisoners of War and Internees.

55 Mikhail Spiridonovich Krivenko, chief of GUPVI, 1945–1947.

56 Sergei Nikiforovich Kruglov, people's commissar (minister) of interior 1945–1953.

57 Josef Gerö, Austrian minister of justice, 1945–1954.

58 Peter Krauland, Austrian minister for protection of assets and economic planning in Figl's first government, 1945–1949. Member of parliament, 1945–1951. Expelled from the ÖVP, 1951. Convicted for abuse of position, 1954.

The prisoners of war who spoke thanked the Soviet government for the positive treatment they had received. One of the most characteristic statements was that given by the POW Buchner Ferdinand:

"We do not miss any opportunity," he said, "to talk about what we saw in the Soviet Union. We join the struggle of our homeland to get rid of Nazism completely and for the possibility to tread the path the Soviet Union has walked and still is walking on."

[Letter sent to comrades Stalin, Molotov, Beria, and Kuznetsov, No. 419/k from 1/26/47.]

"Our people still do not have enough spirit and power to recognize the hidden and open enemies of democracy and fight against them. We will fight for a free and newly democratic Austria," the orator concluded.

The Viennese public and Austria's political parties considered the repatriation of 5,000 prisoners of war to be an important event for the country and evidence of the Soviet government's generous attitude toward democratic Austria.

According to a statement sent to the MVD's authorized representative, Colonel Prikhod'ko, by the Austrian minister of the interior, Helmer, he [Helmer] has sent a letter of thanks to the Soviet government on behalf of the Austrian government.

The secretary of the Central Committee of the Communist Party of Austria, Fürnberg, also said to Comrade Prikhod'ko that they [the Communist Party] had sent a letter to the CC VKP(b), in which they approve of the return of the released prisoners of war to their homeland.

Neither the prisoners of war nor the representatives of the Austrian government and the Central Committee of the Communist Party of Austria made any claims against those who handed over the prisoners of war.

Signed: The Chief of GUPVI of the MVD of the USSR
General Lieutenant Krivenko

Source: GARF, f. 9401, op. 1, d. 2664, ll. 18–19.

DOCUMENT No. 61:

From the Personal File of an Austrian POW

February 9, 1947

While the majority of German prisoners of war were not allowed to return to their country until 1948–1949, prisoners of war of Austrian citizenship were able to do so earlier, in 1947. Therefore, like Anton Josef Frieß, who was initially recorded, mistakenly, as German, many Austrians were forced to go through detailed questioning to prove their nationality.

File completed by: transferring him to repatriation camp No. 36 on September 17, 1947

September 17, 1947

Questioning protocol

On February 8, 1947, I, the operative representative of the camp department No. 2, Lieutenant B.I. Konviser, questioned the prisoner of war Anton Frieß, nationality Austrian, born in 1920 in Austria, Feldbach district, Krennach village, unmarried, eight years of school education, originating in the peasantry, peasant, no party membership, military rank Private First Class.

He does not work in the POW camp because he belongs to the third group[59] due to his physical condition.

I have been informed about the consequences of giving false information pursuant to Article 1989 of the penal code.

Signature: Frieß

Question: What is your nationality?
Answer: I am Austrian.
Question: What citizenship do you have?
Answer: I have Austrian citizenship.
Question: How can you prove that you are Austrian?
Answer: My mother and father are Austrians.
Question: What is your family's address?

[59] POW's were classified in different groups by their physical condition. Group three consisted of people whose poor physical condition did not allow them to do any work.

Answer: Austria, Feldbach district, Krendach [village], [sic] 70.
Question: What would you like to add?
Answer: The translator did not write down my nationality correctly during the questioning.

The protocol was written down in my own words. It was read to me in a language I am able to understand.

Decree

(about the recognition of nationality)

On February 9, 1947, I, the operative representative of the camp department No. 2, Lieutenant B.I. Konviser, questioned the prisoner of war Anton Frieß, of Austrian nationality, born in 1920 in Austria, Feldbach district, Krennach village, Austrian citizen, and established the following: the prisoner of war's father and mother are of Austrian nationality. Therefore the following was legally recognized:

The prisoner of war Anton Frieß is of Austrian nationality.

The operative representative of the camp department No. 2

Signed: Konviser

Source: RGVA, 460.799492, ll. 1, 7–8.

DOCUMENT No. 62:

The GOSPLAN's Report to V. Molotov on Dismantling in Austria

March 7, 1947

The Soviet dismantling of the Austrian industry that was carried out mainly in 1945 and 1946 involved a total value of approximately 8.5 billion shillings (327 million dollars). The oil industry alone accounted for 1.7 billion shillings.

The Gosplan of the USSR hereby submits information about reparations and about captured equipment and material that was removed from Germany before January 1, 1947.

The total value of all reparations that the Soviet Union received from Germany over the period from the issuing of the decrees of the Berlin Conference of the Three Powers until January 1, 1947, is 1,100.5 million (1.15 billion) US dollars, including:

a) Equipment and material considered to be German property from August 2, 1945, until January 1, 1947, with a total value of 850.5 million US dollars,

including:

equipment removed from the German zone occupied by the Soviet troops	733.6 million US dollars
from German territories now belonging to Poland	96.0 million US dollars
from Austria	8.8 million US dollars
from Czechoslovakia	12.1 million US dollars

b) Equipment and material taken to the reparations' account from active production in the Soviet occupation zone in 1946 with a total value of 250.0 million US dollars

In addition to this, there is equipment and material received over the period from the arrival of the Soviet troops until August 2, 1945, with a total value of 362.0 million US dollars, including:

equipment removed from the German zone occupied by the Soviet troops	79.1 million US dollars
from German territories now belonging to Poland	235.5 million US dollars
from Austria	42.8 million US dollars
from Czechoslovakia	0.2 million US dollars
from Hungary	4.4 million US dollars

The following data was taken into account when determining the value of reparations and captured goods:

a) the amounts of removed equipment and materials according to the ministries' and authorities' reports on the relevant data;

b) the value of one ton of equipment was determined at 1,500 German marks;

c) the depreciation of the equipment and war damages were determined at 50 percent;

d) the value of the materials was determined according to the American census for 1939;

e) one US dollar is worth 4.2 German marks according to the gold parity of 1929.

Signed: A. Kuptsov

Source: RGASPI, f. 82, op. 2, d. 104, ll. 1–2.

DOCUMENT No. 63:

Order by the Deputy Minister of the Interior, I. Serov, on the Repatriation of Austrian POWs

November 8, 1947

In the following document the USSR's Deputy Minister of the Interior, I. Serov, gives instructions for the repatriation of Austrian prisoners of war and internees in 1947, including mode and number of releases, groups of persons that were not to be repatriated (including members of the SS, SD, and SA), and means of repatriation. Altogether more than 40,000 Austrian prisoners of war were repatriated to their home country by the beginning of 1948.

I hereby command the following:

1. Austrian prisoners of war and internees are to be released from MVD camps, special hospitals, battalions of the Ministry of Armed Forces, and battalions for internees and handed over to the organs of the Administration for Issues of Repatriation at the Council of Ministers of the USSR.

The Administration for Issues of Repatriation at the Council of Ministers of the USSR is to carry out the transfer of the released Austrian prisoners of war and internees to the cities of Sighet [Sighetu Marmației /Máramarossziget] and Focşani (Romania). At both of these places, a certain number of people, as agreed with the repatriation organs, are to be handed over.

2. The repatriation organs are to start the process of releasing the Austrian prisoners of war and internees and transferring them to the transfer camps in August, and finish it by December 1947. The following number of persons is to be sent to the camps per month:

August: 5,000 persons
September: 8,000 persons
October: 12,000 persons
November: 15,000 persons
December: the remaining persons

3. The repatriation of Austrian prisoners of war and internees from the republics, areas, and districts is to take place according to the order established in attachment [illegible].

4. The following are not to be repatriated:

a) Prisoners of war who participated in atrocities and who served in the SS, the SD, the SA, or the Gestapo, and persons (including internees) about whom we have compromising material, as well as all captured generals and officers of higher ranks;

b) Persons who are ill and cannot be transported.

5. The interior ministers of the republics and the heads of the Administrations of the Ministry for the Interior in the areas and districts in the territory of which there are Austrian prisoners of war and internees in MVD camps, battalions of the Ministry of Armed Forces, in battalions for internees and special hospitals are to:

a) Establish a commission under the leadership of responsible employees of the MVD-UMVD[60] and with the participation of doctors and the leading staff of the political apparatus, and the operative and accounting departments of the camp administration, in order to choose those Austrian prisoners of war and internees who are to be released and handed over to the repatriation organs.

Commissions for the appointment of Austrian prisoners of war and internees are to begin their work immediately and accomplish it by August 25, 1947.

b) All persons who have been chosen for repatriation are to be collected in groups of at least 100 persons at meeting points at railway stations.

c) On August 26, 1947, the GUPVI of the MVD of the USSR is to be informed by telegraph or high frequency transmission about the number of appointed Austrian prisoners of war and internees to be repatriated, about their physical condition and the transport stations, with an indication of the enterprise or ministry they belong to, as well as about the total number of Austrian prisoners of war and internees to be repatriated.

d) Provide all Austrian prisoners of war and internees to be released with clothes and shoes appropriate for the season. Before they [the POWs] are transferred to the transfer points, the repatriation organs are to carry out a thorough sanitary treatment and change the POWs' underwear; furthermore, they are to return to them their personal belongings, valuables, and documents.

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[60] UMVD, Upravlenie Ministerstva Vnutrennikh Del, [Regional] Administration of the Ministry of Interior.

e) Provide the trains with food for a traveling distance of 250 kilometers a day; furthermore, provide them with cooking facilities, dishes, and the equipment necessary to cook two or three warm meals and boil hot water during the trip, as well as with high-quality drinking water and heating materials for the whole trip.

f) Carry out the transportation exclusively in equipped wagons. The railway administration is to be supported by workers and resources from the POW camps for the equipment for the wagons in which the released Austrians are to be transported.

g) Provide the trains with a sufficient amount of medicine, dressing material, and dysenteric bacteriophages and disinfectants, and give the head of the train a sanitary passport.

h) The condition of the equipment in the wagons, their supply of food, and the sufficiency of medical equipment are to be documented. It needs to be indicated in the files from which camps, special hospitals, and battalions the contingent was released, the number of people and their physical condition. The files are to be sent to the GUPVI of the MVD of the USSR as soon as possible.

i) One of the deputy heads of the camp administration is to be appointed as supervisor for each train. Those supervisors accompany the trains and take care of the necessary order during the trip; they organize the food supply and the medical and sanitary service for the Austrian prisoners of war and internees, as well as their transfer to the repatriation organs. Furthermore, a deputy supervisor for supply issues is to be appointed for each train, as well as one for operative and one for medical issues. They are to be chosen from those officers about whom there are no compromising materials.

The lists of officers accompanying the trains is to be sent by telegram or high frequency transmission to the GUPVI of the MVD of the USSR, including information about their rank, family, first name and father's name, position, and a short compilation of basic data for confirmation.

6. At the request of the MVD-UMVD, the head of the escort troops of the MVD of the USSR, General Lieutenant Comrade Bochkov,[61] is to appoint an escort command guided by an officer to support the supervisor of the train.

[61] Viktor Mikhailovich Bochkov, head of the Fourth Department of the GUGB NKVD, 1938–1940. Prosecutor of the USSR, 1940–1943. Captain of the Escort Troops of the NKVD/MVD, 1944–1951. Captain of the Guard Troops of MVD camps, 1951–1959.

7. The head of the GUVS[62] of the MVD of the USSR, General Major of the Commissariat Comrade Gornostaev,[63] is to provide the POW camps, the special hospitals, and the battalions for internees with high-quality uniforms, underwear, shoes, and articles for daily use for each transferred person. Furthermore, he is to provide the camps, the special hospitals, and the battalions for internees with the full assortment of food as defined in point 5 of the present decree.

8. At the request of the GUPVI of the MVD of the USSR, the head of the department for railway and water transport of the MVD of the USSR, General Major Comrade Arkadevich, is to ensure the supply of wagons equipped for the transportation of people to transport the released persons to the camps from which they are being handed over to the repatriation organs.

9. The head of the Main Administration of the Border Regiments of the MVD of the USSR, General Lieutenant Comrade Stakhanov,[64] is to guarantee permission to cross the USSR's border for the trains carrying Austrian prisoners of war and internees and the troops accompanying them and to organize the return of all escorting persons to the USSR within the determined period of time.

10. The responsibility for the fulfillment of the present order is to be transferred to the head of the GUPVI of the MVD of the USSR, General Lieutenant Comrade Filippov.

Signed: I. Serov

Source: GARF, f. 9401, op. 1, d. 804, ll. 205–210.

[62] Glavnoe upravlenie voennogo snabzheniya, Head Office for Military Logistics (of the NKVD/MVD).

[63] Yakov Filippovich Gornostaev, since 1939 in the GUVS of the NKVD. Head of the GUVS of the NKVD, 1946–1952. Deputy minister of the interior of the USSR, 1952–1953.

[64] Nikolai Pavlovich Stakhanov, since 1920 in the Red Army, since 1927 member of the CPSU, captain of the Border Troops of the NKVD/MVD from February 1942 to March 1952.

DOCUMENT No. 64:

Military Order by the Central Army Group Command on the Burial of Soviet Troops Killed in Action

November 13, 1947

In August 1945 the command was given to establish military graveyards for members of the Soviet Army in the Soviet Occupation Zone. The divisional commanders were thereupon ordered, together with the respective town majors, to find suitable locations for this purpose by September 16, 1945. Thus all Soviet military buried in individual graves needed to be transferred to military cemeteries. The mortal remains of enlisted men and corporals were interred in mass graves; officers and women were put in individual graves. Exempted from this rule were only the remains of colonels or generals and "Heroes of the Soviet Union" who had been interred in front cemeteries. Responsibility for the exhumations and cemetery design lay with the deputy head of the Central Group of Forces.

Order

To the Central Group of Forces

November 13, 1947

Contents: On the finalization of the transfer of individual tombs and the design of military graveyards for members of the Soviet Army killed in action in Austria and Hungary.

The Commander in Chief of the Central Group of Forces

ordered:

1. The military commanders of the cities in the Soviet occupation zones in Austria and Hungary:

a) to finalize the design of military graveyards as provided for in the plan for the third quarter of 1947 until November 25, 1947;

b) to begin the transfer of the mortal remains of members of the Soviet Army and individual tombs to nearby graveyards, as well as the design of

military graveyards as provided for in the attached "Plans for the transfer of mortal remains and the complete design of military graveyards on Hungarian territory for the fourth quarter of 1947"; the transfer of mortal remains is to be finished on December 10, 1947, and the complete design of the military graveyards on January 1, 1948;

c) the transfer of mortal remains and the design of military graveyards on the territory that used to be operated by the military commands of the cities of Miskolc, Sátoraljaújhely, and Hatvan is to be supervised by the military commander of the city of Debrecen; on the territory that used to be operated by the military commands of Kecskemét, Szeged, and Békéscsaba, these works are to be supervised by the military commander of the city of Szolnok;

d) the complete design of the military graveyards, the conclusion of contracts with enterprises, the accounting for works, the issuing of bills, and the acceptance of equipped graveyards and their transfer to the cities' mayors for further maintenance and safekeeping is to be carried out in strict compliance with order No. 0251 issued by the Central Army Group on November 22, 1946, and with directives No. OU/6/03657 issued by the Central Army Group on November 25, 1946, and No. OU/5/03407 issued on August 12, 1947.

e) Reports on the progress of the work for the design of military graveyards are to be submitted directly to the personnel department, to the departmental staff, and the staff of the Central Army Group on the first and 15th of each month. The final report on the fulfillment of the given order is to be submitted by January 15, 1948.

2. The transfer of the mortal remains of members of the Soviet Army killed in action and the overall design of military graveyards in the Western areas of Austria are to be finished by January 1, 1948, according to the special plan by the staff of the Soviet Element of the Allied Commission for Austria in Austria.

3. The head of the financial department of the Staff of the Central Army Group:

a) according to the two "Plans for the transfer of mortal remains and the complete design of military graveyards," which I have confirmed, the funds for the transfer of mortal remains and the design of military graveyards are to be supplied to the military commanders of the cities;

b) The expenses of the funds released (purpose and accounting) are to be controlled in cooperation with the head of the personnel department of the Staff of the Central Army Group.

The deputy head of staff of the group is to be entrusted with the organizational management of the works in connection with the transfer of the mortal remains of members of the Soviet Army killed in action and the design of military graveyards within the Soviet occupation zone in Austria and Hungary. For the Western zones of Austria, the Commander in Chief entrusted the head of Austria's Soviet Element of the Allied Commission for Austria with this task.

Attachment: Plan for the transfer of mortal remains and the design of military graveyards as on the list.

Signed: Kostylev

Source: TsAMO, f. Urfahr, op. 314738s, d. 2, ll. 73–74.

DOCUMENT No. 65:

Report by the Military Commander of Burgenland on Family Members of Military Personnel

January 20, 1948

Many married Soviet officers had their families follow them—at least temporarily—to Austria. In Burgenland, for example, in mid-January 1948, a total of 17 family members of officers of the military command posts stayed with their "head of family." This included three relatives of officers of the military command post for the province of Burgenland in Eisenstadt, seven family members of officers of the military command post for the city of Eisenstadt (including four preschoolers), five relatives of officers of the military command post for the city of Oberwart (including two preschoolers), and the wife and child of an officer of the military command post for the city of Güssing. At the time of the troops' withdrawal in 1955, a total of 7,590 officers' families resided in the Soviet Occupation Zone, whereas the number of Army members, including soldiers of lower ranks, totaled almost 40,000 persons.

Report

About the number of family members of the officers of the military command posts in the province of Burgenland living in Austria with their heads of family on January 15, 1948.

Name of unit or institution	Based in	Family members	Children of preschool age (to seven years)	Comment
Military command post for the province of Burgenland	City of Eisenstadt	3	-	
Military command post for the city of Eisenstadt	City of Eisenstadt	7	4	
Military command post for the city of Oberwart (Szeged)	City of Oberwart	5	2	
Military command post for the city of Güssing (Oberwart)	City of Güssing	2	1	
TOTAL NUMBER		**17**	**7**	

Signed: Varlamov

Source: TsAMO, f. Berndorf, op. 315698s, d. 7, l. 2.

DOCUMENT No. 66:

Final Report by the Soviet Section of the AC on Austria for 1947—Summary

Undated [not before January 1948]

The following document is an originally six-page-long summary of the final report of all sections of the SChSK (Soviet Element of the Allied Commission for Austria)[65] *for Andrei Smirnov, head of the Third European Department of the Soviet Ministry of Foreign Affairs. This report amounted to a confession of the failure of Soviet politics in Austria.*

The report and its supplements provide an accurate and detailed description of the development of the political and economic situation in Austria in 1947.

1. Now that the Americans have subordinated the country economically, they are using the current Austrian government and the leaders of the ÖVP and SPÖ, who are actively and obediently pursuing a pro-American and anti-Soviet path, for their own purposes.

2. By utilizing the Control Agreement for their own interests and circumventing it [the agreement] whenever it seems to hamper their interests, the Americans, with the assistance of their partners, sabotaged the Allied Commission's work and ignored the Soviet part of this work. It was not possible to achieve unanimity on one single fundamental question during the whole year under report. In cooperation with the French and the British, the Americans have refused all proposals coming from the Soviets and have fully supported the Austrian government.

Not only did the "Allies" not comply with the agreements on Austria, but they have also cast a negative light on the Soviet part of the Allied Commission, which has always acted as the defender of the agreements. For example, they used the issue of denazification to produce negative feelings toward the Soviet Union, as they are now using the issue of occupation costs for the same purposes.

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[65] Sovetskaya Chast' Soyuznicheskoi Komissii po Avstrii.

3. The breach of the agreement on Austria led to the following results: the industry was not nationalized; the agreements on demilitarization, denazification, democratization, and the agreement on the re-establishment of Austria as a free and independent state (especially from Germany) were not implemented.

4. The country's national and local power is in the hands of anti-democratic parties that are hostile toward the Soviet Union. There is not a single member of the KPÖ in the government. In the parliament there are only four communist delegates.

5. To achieve their goals, not only are the Americans utilizing the Allied Commission and the government, but they have a military administration as well (as do the British and French), a body that is not present in the Soviet zone, where the civil administration is carried out by Austrian bodies.

6. While the illusions regarding the USA are growing inside the country, the hostile attitude toward the Soviet Union is being cultivated.

7. The year under report was marked by a further decline in agricultural production. The gross output of bread decreased by 35 percent compared to 1946.

8. In economic terms, the country is giving up its former relations with the countries in Southeast Europe and is intensifying [the relations] with the USA, West Germany, and countries that are connected through the Marshall Plan.

9. Thanks to the support of the Austrian government, their military administration, the ÖVP and SPÖ, and a broad range of propaganda measures, the Americans, British, and French were able to oppress the democratic movement and to restrain the KPÖ's activities and influence.

10. By giving preference to the development of the Western zones, the Austrian government and its bodies have created adverse conditions for the industry and agriculture of the Soviet zone, which becomes evident in the fact that the Soviet zone remains behind the rest of Austria. While the overall level of industrialization in Austria for the year under report was 60–65 percent (compared to 1937), it reached only 47–50 percent in the Soviet zone.

In terms of coal supply, provision of loans and food, and the implementation of reconstruction work, the Austrian government pursued a

discriminatory policy toward the Soviet zone, which is economically dependent on the Western zones. (On January 1, 1948, the expenditures for the postwar reconstruction work in Austria's Western zones were at 30 percent of the required sum, whereas in Vienna and the Soviet zone, only 11.5 percent of the required amount could be provided.)

11. In political terms, the situation in the Soviet zone differs only slightly from the overall situation in Austria. For example, there are almost no communists in the national government or in the local governments of Burgenland and Lower Austria. There are no communists in the administration bodies of the various districts, either. A few communist delegates were able to keep their seats only in municipal and city governments that were mostly formed with the knowledge and with permission of the military commander. In Lower Austria's 1,580 municipalities, there are 8,955 ÖVP politicians, 4,017 Socialists, and only 707 communists, i.e., around 5 percent. By exploiting our non-interference in local administration affairs, and due to the lack of energy among the Austrian communists, the ÖVP and the Socialists were able, unopposed, to replace the communists with their own people.

In the federal provinces, the old bureaucratic apparatus remained unchanged, and so did the influence of the National Socialists on economic and political affairs. Members of the national government and of federal governments openly display their hostility toward the Soviet Union.

Things in our zone are not too good when it comes to the matter of denazification, either. Local authorities are taking every opportunity to rehabilitate National Socialists. Industrialists, the Farmers' Union, the Church, the ÖVP, and the socialists set the tone in public life. The communists are in a very weak position. In Burgenland, for example, their party has only 3,700 members, whereas the socialists have 16,000 members and the ÖVP 29,600. There are 40,000 communists in the whole Soviet zone, as opposed to 140,000 socialists.

12. The results of the failures that were allowed to take place in 1945 and 1946 became visible during the year under report: the renunciation of the implementation of a land reform, the renunciation of a controlling function for the military administration, the disrespect toward cultural and propaganda activities, the control agreement that is not so favorable for us.

The weak points of our work that are revealed in this report show that it was not always possible to protect our interests successfully. In terms of denazification, democratization, and the reconstruction of Austria as a

truly free and independent state, not everything has been done to comply with the Four Power Agreement on Austria. The struggle against the weakening of the control of the Four Powers and against the replacement of this mechanism by a purely American control mechanism has not been fought vigorously enough.

The authors of the report recognize that the fact that the anti-democratic policy the Western occupation powers in Austria are pursuing has not been unmasked sufficiently can be regarded as the main inadequacy in the work of the Soviet part of the Allied Commission for Austria. The performance of the Soviet part was too inactive and not persistent enough. By safeguarding the reputation of the Austrian government, which is obediently following the Americans, the Soviet side gave up its interests in some cases. For example, laws and directives from the Austrian government were implemented in our zone, although the Soviet side had refused them in the Allied Commission. Furthermore, measures prohibiting the implementation of anti-democratic laws targeted against the legal interests of the Soviet Union were taken only after a substantial delay in the second half of 1947.

Despite this prohibition, the Ministry of the Interior acted on its own, without being sanctioned by the Soviet part, when it appointed and dismissed leading police and gendarmerie staff and also when it re-employed National Socialists.

One of the weak points of our work was that there was no effective control inside the Soviet zone. Due to the fact that there is no military administration, this control should have actually been exercised by authorized representatives and the military commanders. As a result, the work within the Soviet zone turned out to be useless. According to the report, the Soviet part did not pay enough attention to its own zone because of the tasks it had to fulfill for the Allied Council. The work the authorized representatives and the military commanders have done in terms of control on site has not yet brought the expected results.

The propaganda in the Soviet zone was not satisfactory, either. For example, the 55,000 copies of progressive daily newspapers and 200,000 copies of weekly newspapers that are distributed in the Soviet zone are confronted by 400,000 copies of reactionary dailies and about 1 million copies of reactionary weekly newspapers. Soviet films have not been shown in the American zone, while American films can circulate freely in the Soviet zone.

Even though the overall assessment of the political situation in Austria in 1947 and the conclusions that comrades Koptelov and Kurasov have drawn can be approved, the following comments on the report are necessary.

1. It is obvious that the Austrian government has become an obedient puppet in the hands of the Americans and is helping them to pursue U.S. policy in Austria. Therefore, Soviet interests in Austria have to be protected persistently and rigorously, especially by preventing the implementation of laws and directives that are in fact incompatible with the Four Power Agreements on Austria in the Soviet zone.

2. The Americans and their partners are utilizing the Allied Council and the Control Agreement to disguise and eventually legalize their policy, aiming at the cancellation of the resolutions on Austria. The Soviet part must not allow the "Allies" to lead them on the leash and fulfill fruitless work that only helps to draw away attention from the Soviet zone. It is absolutely essential to pay more attention to the federal provinces. The importance of the military command posts has to be increased. With their help, an effective control has to be implemented over the local administrations, which should then be obliged to work against reactionary and anti-Soviet actions and to implement denazification. No changes in the composition of the staff of the local administrations may be carried out without our authorities' knowledge. We have to exercise control over the police's and gendarmerie's actions. The military command posts have to be supported and equipped with more staff, they need translators urgently. The illegal export of food from the Soviet zone must be controlled.

3. Due to the vivid propaganda activity carried out by the Americans and the Austrian government, our department for propaganda was not able to manage its tasks properly. The department for propaganda was not able to adapt and to take more offensive and substantial propaganda measures. The department for propaganda was not able to establish facilities that would be able to continue activities after the withdrawal of the occupation troops. It would be necessary to draw more attention to the Society for Cultural and Economic Relations by giving it more autonomy and more space for its own initiatives. The main focus of the propaganda activities must be placed on this society, and thus these actions should be taken primarily by the Austrians themselves and not by our soldiers.

The department for propaganda has to be prevented from intervening in the KPÖ's work and hampering their work with petty paternalism, which, according to the report, has been the case up to now.

Because censorship in advance only takes place formally (one person has to censor 50 publishers and several hundred periodicals), the abolishment of censorship for printed works, films, and stage productions should

be discussed, and post-publication censorship should be increased. Apart from the positive aspect of the report, which is expressed in the enormous amount of materials provided in the annex (five volumes, 1,100 pages), we need to call attention to its sloppy realization as well. In the sentence "The number of DPs decreased to…" on page 31, for example, there were no figures inserted in the place intended for them. The same was the case on page 35, where the figure for the amount of occupation costs is missing. Instead of "the events point to the fact that" there was "the events that point to the fact," page 38. Instead of "for the signing of the contract," it is "except for the contract." On page 40 the following sentence can be found: "The influence of the Communist Party and of enterprises under Soviet administration." How can one, first of all, name the Communist Party together with enterprises? And secondly, what communist party is under Soviet administration? Page 41 "the help of the USA" (what does this mean?). On page 42 there is the phrase "The Soviet zone has a typical capitalist distribution of land ownership." But the figures actually point out the large-scale agricultural character of the distribution of land ownership: 0.7 percent of landowners own 29.6 percent of the land. A land reform is necessary not because of the capitalist distribution of land but because of the presence of a pre-capitalist large-scale agricultural structure of land ownership. Page 46. According to Comrade Molotov's directive from October 24, 1947, an order by the commander-in-chief was issued on November 6, 1946. The statement on page 39 that says that "the political situation in the Soviet occupation zone can be characterized with the same factors that apply to the overall situation in Austria" cannot be approved. The author probably wanted to say that the situation in the Soviet zone differs only slightly from the situation in the Western zones.

Taken as a whole, the report can be described as satisfactory.

Signed: Barulin

Source: AVP RF, F. 66, op. 26, p. 32, d. 29, ll. 25–30.

DOCUMENT No. 67:

Record of Conversation between A.A. Zhdanov and the Leader of the Communist Party of Austria, Johann Koplenig, and Friedl Fürnberg

February 13, 1948

In February 1948 the Austrian communists Johann Koplenig and Friedl Fürnberg[66] *met Andrei Zhdanov for a conversation at the Central Committee of the CPSU in Moscow, where, at the same time, the condemnation of Yugoslavia at the upcoming Cominform Conference in Bucharest was being prepared. In their conversation, Zhdanov explained the CC's official position regarding Austria and stated that the KPÖ should change its tactics. He said he saw no prospects for the Communist Party of Austria if it did not emphasize the consolidation of Austria's national sovereignty and independence. He made it clear that the Soviet troops would not stay on Austrian territory for a long time and emphasized that the USSR did not agree with the division of Austria as recommended by the Yugoslavs to the KPÖ leaders. Their visit to Moscow was an act of self-abasement for the leaders of the KPÖ, who were subsequently reduced to Moscow's subordinates.*

Comrade Zhdanov says that the Central Committee of the VKP(b) has acquainted themselves with the documents connected with the arrival of the Austrian comrades and the questions posed by them. The Central Committee of the VKP(b) does not agree with the position of the KPÖ's Central Committee. The CC of the VKP(b) thinks that the Austrian comrades do not see everything clearly regarding the prospects and the tactic of the Communist Party. The Central Committee of the KPÖ bases its tactic on the presumption that the Soviet troops will stay on Austrian territory for a longer period of time. The Central Committee of the VKP(b) does not agree with this.

The Austrian comrades even had talks saying a division of Austria would be better than any other prospect. The Central Committee of the VKP(b) considers this statement to be completely wrong. Both claims of the KPÖ's Central Committee are against the principle of Austria's independence and unity and therefore cannot be satisfactory for the majority

[66] Friedl Fürnberg, in exile in Moscow 1936–1945. Co-founder and co-organizer of the First Austrian Freedom Battalion, with which he entered Austria from Yugoslavia. Member of the Politburo of the Central Committee of the Communist Party of Austria, 1946–1977.

of the Austrian people. It would be desirable for the Central Committee of the KPÖ to define their tactics and their prospects for struggle in accordance with the declaration of the nine communist parties. This declaration implies that the main focus of the communist parties' struggle for independence and sovereignty of the particular states must lie on the release of the internal national-democratic powers in every single country. If the Central Committee of the KPÖ agrees with the provisions of the declaration by the nine communist parties, it will agree with this very basic provision as well. There is no future for the Communist Party of Austria, unless it leads the struggle for the consolidation of Austria's national sovereignty and independence. If this is not the case, the party will be confronted with a dead end and hopelessness.

From this point of view, the Soviet proposals to the Austrian party officials shall not be regarded as a disadvantage for the causes of the Communist Party of Austria. This is a mistake. On the contrary, they [the proposals] should be regarded as a step toward the establishment of the preconditions for Austria's independence. The faster the occupation of Austria comes to an end and the faster Austria begins to rely on its democratic powers, the better it will be for the Communist Party of Austria and for the consolidation of its influence on the people.

We could, for example, suggest that the CC of the KPÖ contact the German comrades. Of course, Germany and Austria have their specific features, but there are a number of similarities in their situations as well; therefore, the Communist Party of Austria and the SED are confronted with similar tasks. The SED successfully uses the slogan of the struggle for a unified Germany. The CC of the Communist Party of Austria should fight for Austria's unity and independence, for peace, and subsequently for a quick abolition of the occupation with all required persistence.

This means that the tasks for the Communist Party of Austria do not end with the abolition of the occupation regime, because there will already be new tasks for the Communist Party of Austria to fulfill on the day after the abolition of the occupation regime. They already have to prepare themselves for those tasks now. They will have to consider measures of struggle against the influence of the Anglo-Americans in Austria, because they will try to subjugate Austria economically and politically by using different measures after the withdrawal of their troops from Austria. This policy they are pursuing has already reached a peak. The closer the moment of the occupation regime's abolition comes, the faster the Anglo-Americans are going to

take measures to consolidate their influence in Austria. We have to unmask the Anglo-American policy, as well as the policy of undermining Austria's sovereignty. The Marshall Plan and other economic measures implemented by the Americans and British will lead to the loss of Austria's independence. It must be assumed that only the Soviet Union is striving for the development of friendly relations with Austria that are not connected with restrictions of independence and sovereignty. It is necessary to convince the Austrian people to establish friendly relations with the USSR and to carry out measures that will foil all Anglo-American policies aiming at the restriction of Austria's sovereignty and independence. It is necessary to clearly show the differences between the policy of the USSR and the one the British and Americans are pursuing, namely to subjugate Austria to their influence.

The Central Committee of the VKP(b) is surprised that, despite the current situation in Europe and in the world, which is extremely favorable for the democratic powers, the Austrian comrades are discouraged because of the future abolition of the occupation regime. The Soviet Union will do everything in its power to accommodate the Austrian comrades if they should need measures aiming at the abolition of the occupation regime. The Austrians have to stand on their own feet soon. Any other possibility cannot be regarded as a national or a democratic or a revolutionary solution.

KOPLENIG: We learned a lot from our journey to Moscow. It brought clarity to what was formerly unclear to us. We will begin to take the recommended path, and we are convinced that this path will lead us to success. Now we understand that our wish to have Soviet troops on Austrian territory for as long as possible was a mistake. The main point is, of course, to develop our internal democratic powers and to start the struggle for real independence and for Austria's liberation from occupation. The presence of the four occupation powers on Austrian territory, and the struggle between the USA and the USSR, inhibited the development of the internal democratic powers in Austria and turned out to be a crucial impediment in this respect. We have, up to now, been acting correctly and regarding the USSR as the true protector of the interests of an independent Austria. Our further activities will be determined by this principle as well. The USA and England do not intend to create a truly independent Austria. Their policy aims at creating an anti-democratic Austria and turning Austria into an appendage of American policy.

Still, it would not be completely correct to say that we are not allowed to rely on external powers. It would not be incorrect, either, to regard the

development of internal powers as the main difficulty; on the other hand, it would not be right to deny the existence of external powers. One must not forget about such powers as the USA on one side and the USSR on the other side, both exercising influence on Austria. But now, under the influence of the Anglo-Americans, the reaction in Austria has become stronger, and nothing has been done for the democratization of Austria.

We should, for example, not forget that the enormous number of so-called DPs we have in Austria now is actually a second American occupation army. We should furthermore not forget that the Austrian government is an American agent. All of this depends on external powers and inhibits the development of democratic powers in Austria. On the other hand, the presence of Soviet troops in the Eastern zone of Austria is an advantage for the development of the internal democratic powers. It is a fact that external powers do impose their influence, and this influence is reflected in the consciousness of the masses.

In order to promote democratic development in Austria, it would of course be better to regain sovereignty and to abolish the occupation regime as soon as possible. But we are concerned that this path could lead to unintended results—it could result not only in the creation of an Austrian state as described in the Moscow Declaration but in an Austria that is being influenced by the USA as well.

The solution of the problem of Soviet assets in Austria poses a number of difficulties for our party. Today, our position on this topic is completely different from the one we used to have. Now we are talking about buying up enterprises that belong to the Soviet Union, which makes it even more difficult for us to formulate our positions regarding the consolidation of Austria's independence. Until now, we did not regard those enterprises as Austrian properties if they were of German ownership. Now that the Soviet Union has become the owner of those enterprises and they are going to stay in Austria and Austrian workers are able to work there, it should, given that there is a real democratic power, not be difficult to reach a solution with the Soviet Union that is beneficial to the Austrian workers. Now we face the problem that we will have to pay the Soviet Union 200 million dollars for these enterprises within a period of two years. This fact will play a very important role in the agitation of the Social Democrats. We do not know if Austria will be able to pay the 200 million dollars. It is clear that the USA is going to pay for Austria, which will make it difficult for us to stand against the USA. Eventually, the whole burden of this money lies on the shoulders of the broad masses of the Austrian people. Of course we will try to explain

the problem to the Austrian people. The development of the internal democratic forces will be a crucial factor, of course. But we have to consider the specific situation in Austria, as well as the fact that the external powers are of great importance [for Austria]. The opinion of the VKP(b)'s Central Committee is clear to us, and we are going to work toward this direction.

ZHDANOV: It seems to me that the Austrian comrades are still at some kind of crossroads, although they have already received our advice. The comrades have to understand that the restoration of Austria's independence and sovereignty is the driving force in the democratic development, and the Austrian communists have to regard the solving of this problem as their main mission. Now we have the following situation: all Austrian parties, except the communists, have waived their right to defend Austria's sovereignty and independence. Even worse, they are fighting for the Marshall Plan and dragging the idea of sovereignty through the mire. Now the pleasant situation has occurred in which advocating Austria's sovereignty can and must become one of the main tasks for the Communist Party, while no other parties show any interest. Comrade Koplenig said that in this respect the occupation by Soviet troops promotes stability in Austria. I do not share this opinion. It [the occupation] is an evil—a necessary one, but still, an evil that, after a certain period of time, will prove to be an impediment to the real democratic development in Austria. The independence of a country must not be based on foreign troops. The internal democratic powers and the leadership of the Communist Party are the real pillars of independence. Your position is the lack of confidence in your power, ours is the belief in these powers. This is the main difference between us.

The declaration of the nine communist parties has determined the balance of forces for a long period of time. It says that the democratic forces are growing. They are growing in Austria, too. The slogan of independence is in accordance with the legal attempts of the Austrian people. If you were able to prove that the Communist Party is the protector of sovereignty and independence in Austria, the people would understand and respect you. The economic, diplomatic, and other relations between Austria and the USSR must be developed on sovereign and equal principles. The Communist Party of Austria must use all its energy to develop and follow a policy of friendship and broad economic relations with the USSR and the other new democracies. The policy of isolating Austria from the USSR and the other new democracies as it is pursued by the current Austrian government has already caused massive damage to Austria.

Your considerations are based on the wish to extend the stay of the Soviet occupation troops. This is not right; it damages our, as well as your own, influence. We do not want to pass our only political trump card to our enemies. Of course it is clear that we will withdraw our troops from Austria at exactly the same moment that the English and American troops are withdrawn.

We understand the difficulties the Communist Party of Austria is confronted with. We understand that the path you have to take is not an easy one, but we cannot propose an easy path in this case. Success never comes automatically. You must remove the flag of Austria's independence from the hands of the socialists and people's socialists [sic]. This is not going to be easy, but it is the only path that is right.

FÜRNBERG: Until now, the USSR's general policy toward Austria was not clear to us. After the conference of the nine communist parties, the Yugoslav comrades told us that it would be better to divide Austria.

ZHDANOV: The recommendation to pursue a division of Austria is completely wrong.

FÜRNBERG: We understand that a division of Austria is going to be difficult for us, but as we did not have the opportunity to assess the international situation in its full breadth, we would like to clarify what it is all about.

Of course, we have not been leading the struggle for Austria's sovereignty and independence yet. Now the socialists and the people's socialists [sic] are speculating on Austria's sovereignty. Now it is up to us to stand up for this slogan even more bravely. The current situation in Austria could not be worse for us. It causes a mood of hopelessness and passivity. There are two possible ways to change this situation: 1) If the future international situation does not allow the withdrawal of the occupation troops from Austria, the division of Austria will be the best solution; 2) The faster the state treaty with Austria is signed, the better.

ZHDANOV: You must not get used to the occupation regime; you must fight for the fast abolition of the occupation.

FÜRNBERG: If we pursue the slogan about the withdrawal of the occupation troops before the state treaty with Austria is signed, the British and the Americans are going to cling to this slogan, too.

ZHDANOV: We do not recommend this at all.

FÜRNBERG: To the problem of former German property. We think that Austria could, under the condition of granted credit, pay 200 million dollars within a period of five years, but Austria will not be able to pay this sum within two years; it has neither the financial nor the material means to do so. If the Americans give Austria the 200 million dollars, Austria will have to suffer under the American yoke. The People's Party will be asking us how to escape this situation.

ZHDANOV: We are not asking you to act as our propagandists during every single phase of our talks with the Anglo-Americans. But you must understand that we waive our property rights to these enterprises and that this is a great concession from our side. It makes your situation easier. You say it is an advantage for the Austrian workers to work in the USSR's socialist enterprises. But it would be even better for the Austrian workers to work in Austrian socialist enterprises. It is necessary to explain the situation to the people.

KOPLENIG: We wanted to clarify a number of questions. We have clarified them now and we are convinced of our future success.

ZHDANOV: We are also convinced that you have all the possibilities for mobilizing the masses, that you have all the possibilities to pull the rug out from under your opponents and to take their slogans, which for them are only propaganda and have no content except for political speculation.

At this point the conversation ends.
Present: Comrade Suslov and Comrade Baranov.

Source: RGASPI, F. 77, op. 3, d. 100, ll. 1–16.

DOCUMENT No. 68:

Report by Smirnov to A. Vyshinskii on the Soviet Position on the Austrian Treaty

Undated [after May 6, 1948]

From February 1948 to the beginning of May 1948, the Soviet Union formally supported Yugoslav territorial claims on Austria. At the end of April, the Yugoslavs reduced their claims for the first time. In light of the Yugoslavs' new willingness to negotiate, the Soviet delegation received new instructions. They said that "the Soviet delegation was supposed to support the current Yugoslav claims toward Austria, but it was not allowed to risk a failure of the conference should the Anglo-Americans reject them [...]; the delegation was instructed to leave space for a compromise based on minor Yugoslav claims." However, at this point in the negotiations for an Austrian State Treaty, the tactical calculations of the Western powers had long been to show the Soviets as advocates of a border revision in favor of Yugoslavia.

According to the instructions that were given to Comrade Koktomov[67] on May 3, the Soviet delegation was supposed to support the current Yugoslav claims toward Austria, but it was not allowed to risk a failure of the conference if the Anglo-Americans rejected them [the claims]; the delegation was instructed to leave space for a compromise based on minor Yugoslav claims. Although our delegation strictly adhered to this directive and, during the discussion of Yugoslav claims, pointed out that a compromise had not been ruled out, they could not prevent the failure of the conference. The British and American delegations declared that they did not think it was possible to continue the conference's work until the issue of Yugoslav claims had been solved to their satisfaction.

In connection with the situation that has occurred, it is necessary to determine our future positions on the following issues:

1. <u>On the support of the Yugoslav territorial claims on Austria</u>
With the position the British and American delegations have adopted, there is no chance that our further support of the Yugoslav territorial claims, as described in the Yugoslav memorandum, would satisfy them; it would

[67] Nikolai P. Kotktomov, counselor of the Soviet Embassy in London, 1946–1948.

instead put us in a disadvantageous situation, and the Western powers could accuse us of intentionally delaying the conclusion of the Austrian treaty. Further support of the current Yugoslav claim would also be problematic, because the Western powers know that Yugoslavia would be satisfied if it obtained a smaller territory with two power plants.

If the Yugoslavs put forward these minimal claims, they are to be supported by proposing to carry out a conference of Deputy Ministers to discuss the claims.

If the Western powers are going to reject even those minimal claims Yugoslavia has on Austria, we need to propose an amendment to Article 5 containing the possibility to change the Austrian borders to its neighboring countries (except Germany) through bilateral agreements.

Source: AVP RF, f. 066, op. 29, p. 136, d. 10, l. 40.

DOCUMENT No. 69:

Resolution by the Council of Ministers of the Politburo of the CC of the VKP(b), on the Repatriation of Austrian POWs

June 23, 1948

At the end of 1947 and the beginning of 1948, more than 50,000 Austrian prisoners of war were released for repatriation from MVD camps. The following document deals with an initial proposal about the repatriation of more than 7,000 prisoners of war, who—for various reasons—had not yet been repatriated to Austria.

Based on the Council of Ministers' resolution No. 2773–877ss of August 2, 1947, 55,291 Austrian prisoners of war were released for repatriation from the MVD camps.

Currently, more than 7,000 prisoners of war and 39 Austrian internees of various nationalities are still being held in the MVD camps. In connection with Austria's Anschluss to Hitler's Germany in 1938, they declared themselves to be German citizens and were therefore not repatriated to Austria.

Austrian prisoners of war who, according to the MVD's data, were suspected to have committed crimes against the USSR were not repatriated, either. Because there is not yet sufficient data about them to transfer these POWs to the court, they need to be kept in the USSR.

The MVD of the USSR considers it expedient to think about solving the issue of release from the NKVD camps and repatriating the following groups of people as well:

1. Austrian citizens among the prisoners of war and the internees who formerly declared themselves to be German citizens.

2. Prisoners of war and internees with Austrian citizenship, including soldiers of the SS, the SA, and other punitive formations, for whom we do not have sufficient material to transfer them to court for committing crimes against the USSR. Persons who formerly served in the SS or the SA and other war criminals are to be officially handed over to the Austrian authorities, who should then bring them to justice.

3. Austrian prisoners of war and internees about whom we have at least indirect materials suggesting that they committed crimes against the USSR,

but who cannot be held imprisoned in the MVD camps any longer due to their physical condition (chronically sick persons or disabled persons).

The MVD of the USSR asks for permission to carry out the gradual repatriation of the given categories of prisoners of war and internees—from discovering Austrian citizens among the prisoners of war and internees and finding compromising materials about persons suspected to have committed crimes against the USSR, to the final completion of repatriations.

The draft for the Resolution by the Council of Ministers of the USSR is enclosed.

Signed: S. Kruglov

On the repatriation of Austrian prisoners of war and internees

In addition to the Council of Ministers' resolution No. 2773–877ss of August 2, 1947, the Council of Ministers of the USSR resolves the following:

1. To allow the Ministry of the Interior of the USSR (Comrade Kruglov) to release the following types of internees from MVD camps, special hospitals, and the battalions of the Ministry of Armed Forces and further repatriate them:
a) Prisoners of war and internees whose Austrian citizenship has been verified;
b) Austrian prisoners of war and internees who are suspected of having committed crimes against the USSR, but for whom there is not sufficient material to transfer them to court;
c) Austrian prisoners of war and internees about whom we have at least indirect materials suspecting them to have committed crimes against the USSR, but who cannot be held imprisoned in the MVD camps any longer due to their physical condition (chronically sick persons or disabled persons).

2. Austrian prisoners of war and internees about whom there is not sufficient material to transfer them to court for having committed atrocities or other crimes on the formerly occupied territories of the USSR, Poland, Yugoslavia, Czechoslovakia, or Albania are not to be released and repatriated.

3. As regards Austrian prisoners of war who served in the SS, the SA, and in other punitive formations and about whom there is no concrete information material concerning their participation in atrocities and other war crimes, the Ministry for Foreign Affairs of the USSR (Comrade Vyshinskii)

is to be instructed to come to an agreement about the transfer of these prisoners of war via our repatriation organs with the Austrian government, which should then bring them to justice.

4. The Council of Ministers of the USSR's authorized representative for repatriation issues (Comrade Golikov) will be obliged to receive the Austrian prisoners of war and internees referred to in points 1 and 3 of the present resolution from the MVD of the USSR in camp No. 36 in Sziget (Romania) and to transfer them to the Austrian authorities.

5. The head of the Rear of the Armed Forces of the USSR (Comrade Khrulev) will be obliged to ensure the supply of food for the Austrians who are to be repatriated during their stay in camp No. 36 as defined in norm No. 3 in the NKO's[68] decree No. 312–1941, as well as the medical and sanitary service for these persons.

6. The Ministry of Railways of the USSR (Comrade Beshchev)[69] and the Central Administration for Transport of the USSR Armed Forces (Comrade Dmitriev) will be obliged to provide the MVD of the USSR with the necessary number of wagons equipped for the transport of people, for the transportation of the Austrian citizens described in points 1 and 3.

7. The Ministry of the Interior of the USSR (Comrade Kruglov) and the Council of Ministers of the USSR's authorized representative for issues of repatriation (Comrade Golikov) are to send a report on the fulfillment of the present resolution to the Council of Ministers of the USSR on January 20, 1949.

Source: GARF, f. 9401, op. 2, d. 204, ll. 104–107.

[68] Narodnyi kommissariat Oborony, People's Commissariat for Defense (after 1946, Ministerstvo Oborony, Ministry of Defense).

[69] Boris Pavlovich Beshchev, Soviet minister of transport, 1948–1977.

DOCUMENT No. 70:

Report on Setting up a Christmas Tree at the Soviet Command Post in Rohrbach

January 4, 1949

The Christmas and New Year's celebrations played a special role in Austrian–Soviet social interactions, as they illustrated two very different ideological world views. While New Year's Eve was celebrated extensively by the Soviet Occupation Force—including presents and decorated "New Year's fir trees"—the Orthodox Christmas that was traditionally celebrated on January 6 was banned by the socialist leaders. All the more remarkable is the intensive support the Soviets gave in providing presents and fir trees for Austrian children.

Organizational details and the date when the tree was going to be set up were published in the newspapers. Representatives of the community were consulted to help compile the list of children to be invited. Children from the poorest and largest workers', peasants', and employees' families were invited. Sixty-five persons were invited from Rohrbach, 30 persons from Haslach, 30 persons from Aigen, and 25 persons from various other places in the district of Rohrbach. All invited children received personalized invitations.

The unveiling of the tree was planned for 3 p.m. on December 29, 1948, but the children and their parents arrived long before the appointed time. They examined the tree and asked questions—whether there would be a puppet theater or any other performances, etc.

The children invited from Haslach and Aigen were brought to the event by special cars. Altogether, more than 300 children and parents came to the celebration. The local orchestra played various pieces of music and Christmas songs.

At the opening, the military commander for the city of Rohrbach, Major Khomaiko, held a welcoming speech, as well as the mayor of Rohrbach, Pöschl, and the head of the district, Spanoki, who said the following in his speech: "Today's celebration is a pleasure not only for the children but also for us adults. We all can feel that the Soviet people and the Soviet Army want to help us and want to establish a true friendship. We are a small country, and our future depends on help from the Soviet Union. I thank the Soviet Army for their concern for the children, and I hope that the friendship between the Soviet and the Austrian people will grow stronger in the future."

After the handing out of presents, a student from the primary school in Rohrbach and the school's headmaster, Prell, thanked us on behalf of

all the children. At the end, the children watched a play by the puppet theater.

Presents were delivered to the homes of children living far away and to the homes of ill children. In the village of Niederwaldkirchen, for instance, two presents were delivered to the Baumann family, a family with seven children. In Altendorf, the Salburg family, which has six children, received presents, as well as the children of the Kleidenger family in Sailer. Altogether, 13 presents were delivered to children's homes.

The organization of the celebration and the setting up of the tree were carried out in a very organized way, and the people present—the children as well as their parents—were satisfied and expressed their thankfulness for the celebration. Most of all, they liked the puppet theater—it was the first time most of the children had seen a puppet theater.

Particular moments of the celebration were photographed. For example: 1) a present is handed over to one of the children (see photo). 2) Student thanking the Soviet Army. 3) Children unpacking their presents.

The photo cards with the respective headings were handed over to the children on the photos as a souvenir of the celebration. When talking about the celebration, the children gave the following statements about their impressions:

1). Elfriede Klopf. Student, 12 years. "I live in an isolated farmstead and I rarely go to the cinema or to celebrations. There are no celebrations for children in Austria. All the children are pleased with this celebration; I particularly liked the puppet theater. I thank the Soviet Army for their concern about us."

2). Aigel Fritz. 10 years. "I liked everything this evening. I have never seen a celebration for so many children before. I would like to ask the commander to organize films and puppet theaters for us more often."

3). Regina Milke. Eight years. "I really liked the tree. We had a joyful and pleasant time. The puppet theater was really good. It was the first time I had seen something like that. Thank you for the present, too."

4). Hermann Schramm. 11 years. "I am an orphan and I have never been at such a celebration before. I thank the Soviet Army and the commander for not forgetting about the children. If I hadn't been invited today, I would probably never have had the opportunity to see a puppet theater and such a beautiful tree."

Signed: Zhiyakov

Source: TsAMO, f. Urfahr, op. 51624s, d. 12, ll. 2–3.

DOCUMENT No. 71:

Report by V. Merkulov[70] to I.V. Stalin on the Employment of Experts after Foreign Assignment

June 11, 1949

The general Soviet skepticism toward the West occasionally had direct consequences on the further careers of those Soviet citizens who had lived and worked there. Some specialists who returned to the Soviet Union were no longer wanted at their former workplaces, due to the long duration of their stay abroad, a lack of professional competence, or other reasons. Therefore the former minister for national security and now head of the Main Administration of Soviet Property Abroad (GUSIMZ), Vsevolod Merkulov, in June 1949 complained directly to Stalin that the responsible ministries and government agencies refused to allocate new specialists for working abroad, as well as, in some cases, to re-employ employees returning from assignments abroad. For some Soviet specialists, work assignments in Austria likely caused a "career downturn."

The staff of organizations and enterprises belonging to the Main Administration of Soviet Property Abroad at the Council of Ministers of the USSR basically consists of experts appointed by ministries and authorities upon the decree of the VKP(b).

A large proportion of the employees of the Main Administration who left the country for a longer assignment abroad and have to come back to the Soviet Union due to differences at work, upon the decree of the Office for Entering and Leaving the USSR or for other reasons, are sent back to their former workplaces in the ministries and authorities by the Main Administration.

However, these ministries and authorities refuse to give the Main Administration new employees in exchange for the returnees; in some cases they do not even want to re-employ the experts coming back from abroad, despite their qualifications and sufficient work experience.

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[70] Vsevolod N. Merkulov, from 1938, chief of the Main Administration for State Security (GUGB—Glavnoe Upravlenie Gosudarstvennoi Bezopasnosti) within the NKVD, at the same time Beria's deputy. Minister for state security (MGB), 1946. Chief of the GUSIMZ (Gosudarstvennoe Upravlenie Sovetskim Imushchestvom zagranitsei), the Main Administration of Soviet Property Abroad, 1947.

This situation leads to a permanent shortage of employees in the Main Administration's organizations and enterprises abroad, as well as to problems in finding work for the experts who come back from their assignments in foreign countries.

In connection with the facts explained above, I hereby propose to oblige the Union's and the Republics' ministries and authorities by appointing suitable experts to work for the Main Administration of Soviet Property Abroad at the Council of Ministers of the USSR in exchange for those employees who have returned from their assignments abroad to their former workplaces at their respective ministries and authorities.

The draft for the order of the Council of Ministers of the USSR is enclosed.

I ask you for a decision.

Signed: V. Merkulov

Source: RGAPI, f. 82, op. 2, d. 474, l. 32.

DOCUMENT No. 72:
Report by V. Merkulov to I.V. Stalin on the Value of Oil Deposits in Austria
September 23, 1949

In March 1949 in Austria, the Soviets discovered what was, at the time, the biggest interconnected oil field in Central Europe. Experimental boring convinced Moscow of the oil field's huge potential.

Inform Comrade Gromyko

Copy
Confidential, No. 2

24.IX.49

No. 2–2/1221
September 23, 1949

To Comrade I.V. Stalin

As a supplement to the information I submitted to you about the opening of the new Matzen oil field in the Soviet occupation zone in Austria and about the initial operation of two oil wells, I would like to inform you of the following:

On September 8, 1949, the Soviet Oil Enterprise/Administration in Austria completed a new well in the Matzen oil field. The well has a depth of 1,680 meters and produces 140 tons of oil daily.

The new well is situated 3.3 kilometers from the first well that produced oil on the Matzen oil field. With regards to its geological structure, it has the same structure as the first well and can therefore be regarded as evidence of the significant prospects of the entire Matzen oil field.

Signed: V. Merkulov

Source: RGASPI, f. 82, op. 2, d. 486, l. 87.

DOCUMENT No. 73:

Report by A. Gromyko to I. Stalin on the Status of Negotiations on the Austrian State Treaty

October 21, 1949

In 1949 came the first opportunity for a withdrawal of the Allied Occupation Troops from Austria. After Tito's break with Stalin in mid-1948, what was allegedly the greatest obstacle to a conclusion of the State Treaty with Austria—the question of the Austrian–Yugoslav border—was eliminated at the Council of Foreign Ministers in Paris. The USSR no longer supported Yugoslavia's territorial claims, which at that time were already limited to a small area in Carinthia. The negotiations around the Austrian State Treaty that already had begun in 1947 were almost finalized.

On June 20, 1949, the last conference day of the Council of Foreign Ministers in Paris, the Allied powers proclaimed that the treaty would reach the signature stage by September 1. The special deputies of the foreign ministers on the Austrian treaty would negotiate the remaining articles. As a consequence, the Soviets started to take measures in Austria that led even some contemporaries to assume that Stalin genuinely wished to conclude the state treaty.

Before the negotiations on the last articles, Gromyko warned of the consequences of a conclusion of the treaty for the Soviet Union and advised Stalin to issue new instructions to Foreign Minister Vyshinskii.

The attitude the representatives of the USA, England, and France have taken on the Austrian treaty during the recent conferences of the deputy [foreign] ministers shows that the Western powers are expressing some interest in accelerating the conclusion of the treaty with Austria. The fact that the Western powers' representatives, who until recently have been rejecting our claims categorically, have made concessions on the main points of the draft for the treaty proves that this endeavor really exists.

For instance, the representatives of the Western powers agreed to transfer to the Soviet Union all oil-producing plants mentioned in our index No. 2, including the plant that is most capable of development, namely the one in Groß-Enzersdorf with a total area of 173,500 hectares. Nevertheless, they insist on returning to Austria only 1,500 of the total 175,500 hectares of the oil plant that we have put our claim on.

Furthermore, they have fully accepted our index No. 4 with all enterprises engaged in the distribution of petroleum products to be transferred to the Soviet Union.

They have also agreed to the text we proposed for the point about the legal situation of Soviet assets in Eastern Austria that have been established or purchased by Soviet organizations after May 8, 1945, as well as agreeing to our claims about the procedure of the Austrian National Bank issuing bills (of exchange) worth 150 million dollars to the state bank of the USSR in order to ensure that Austria pays the mentioned sum to the Soviet Union in due time. They also agree to the changes we inserted in Article 16 about DPs and Article 32 about war graves and memorials.

The Western powers' effort to promote the conclusion of the Austrian Treaty is obviously connected with their plans to abolish all reasons for the further presence of Soviet troops in Austria as well as in Hungary and Romania—areas in which the Soviet Union is entitled to deploy armed units for the maintenance of the logistical lines to the Soviet occupation zone in Austria according to the terms of the peace treaty—as soon as possible.

If the Western powers comply with our claims on the remaining unsolved issues—the transfer of captured railway vehicles from oil refineries, the duration of lease agreements for properties with various buildings belonging to the Donaudampfschifffahrtsgesellschaft,[71] the modalities for the settlement of disputes resulting from Article 35 (German assets)—then the main conflicts that are hampering the conclusion of the peace treaty will be removed.

Under these conditions it is necessary to determine our position for the further negotiations concerning the draft for the Austrian treaty.

Because the Anglo-Americans are interested in the elimination of any reasons for the further presence of Soviet troops in Austria, we do not think that there is any need to hurry with minor concessions as regards the draft of the agreement and particularly as regards the transfer of 1,500 hectares of the oil refinery in Groß-Enzersdorf to Austria. Instead, we can delay the resolution of this question until it becomes definitely clear that the Western powers are prepared to comply with our main claims about the remaining issues.

The draft for the instructions to Comrade Vyshinskii is enclosed.

[71] Shipping company founded in the Habsburg Monarchy for transporting passengers and cargo on the Danube.

Enclosure

We interpret the fact that the Anglo-Americans have agreed to our proposals concerning oil refineries, under the condition that we agree to their amendment on transferring the oil refinery in Groß-Enzersdorf with an area of about 1,500 hectares to Austria, as them being interested in accelerating the signing of the Austrian treaty.

We do not think there is any need to hurry the solving of particular issues, until the Anglo-Americans take a clear position on all disputed issues. Before we react to the above mentioned Anglo-American proposal, it is necessary to find out if they are ready to accept our proposals on other important disputed issues such as: the captured railway vehicles, the petrochemical enterprises, the periods for lease agreements, and the means of solving the disputes from Article 35.

In accordance with what has been mentioned above, we need to tell the Anglo-Americans that we will analyze their proposal, but you must not react to the Anglo-Americans' proposal on this topic.

Source: RGASPI, f. 82, op. 2, d. 1114, ll. 91–92.

DOCUMENT No. 74:

Resolution by the CC CPSU Politburo on the Interruption of Austrian State Treaty Talks

October 24, 1949

In June 1949 in Paris, the Four Powers agreed to have the Austrian treaty ready for endorsement by fall. From the Austrian point of view, the negotiations seemed promising, as an agreement had been reached on nearly all disputed points. Shortly before completing the negotiations on (relatively) banal details in late October 1949, Stalin halted the process, citing reasons that convinced no one. In internal discussions in the Kremlin, the fear had surfaced that the treaty might deprive the Soviets of the right to keep troops stationed in Hungary and Romania. As this document shows, in the Politburo meeting Stalin also brought up the subject of Tito, whom he did not want to benefit from the Austrian treaty.

To Comrade Vyshinskii,

There are a number of indications that the Anglo-Americans have begun to hurry with the conclusion of the Austrian Treaty, making it obvious that they want to support Yugoslavia politically as well.

Our representatives should assume that we are not interested in the quick signing of the Austrian Treaty. Therefore, you are obliged to utilize existing disagreements and to not complete the preparations of the Treaty at the special representatives' conference in New York. This means that there must be no hurry when it comes to reacting to the various compromise proposals put forward by the Anglo-Americans. In particular, we must not react to the proposal regarding Groß Enzersdorf yet; we have to say that we must analyze the proposal beforehand.

At the conference in New York, we must restrict the tasks for our representatives to sounding out the position of the Anglo-Americans. They [the representatives] must not make any concessions whatsoever, on any important issue.

Source: RGASPI, F. 17, op. 162, d. 42, ll. 34, 103.

DOCUMENT No. 75:

Report by the Soviet Political Representative in Austria, Mikhail E. Koptelov, on the Effect of the Marshall Plan on Austria

June 10, 1950

After World War II Austria was the only country under Soviet occupation that benefited from the Marshall Plan. All Soviet protests went unheard, and soon Moscow saw Austria's independence and Moscow's economic influence at risk.

I am sending you the report "About the Concrete Consequences of the Marshall Plan for Austria's Economic and Political Independence," which was written by the second secretary, Comrade M.M. Shavlak.

Austria has been receiving "help" from the Marshall Plan since April 1, 1948. The rights and duties arising out of Austria's participation in the Marshall Plan were determined through a bilateral agreement between the USA and Austria on July 2, 1948. The terms and conditions of this agreement were determined by US Law No. 472 concerning external assistance.

On October 16, Austria also signed an agreement on "European Economic Cooperation."

These agreements enable the Americans to intervene directly in Austria's internal affairs. The USA used the pro-American People's Party and right-wing Socialists as the main basis for the implementation of the Marshall policies in Austria.

In 1949 the "Marshallized" Austrian government, guided by the American dictate, took a number of measures that were turned directly against the people—for example, the budget consolidation, the devaluation of the Austrian shilling, and the abolishment of government price controls. Austria was also forced to walk the path of the so-called "liberalization" of its foreign trade, which resulted in American goods and assets becoming widespread throughout the country.

The Americans aim to direct the credits Austria is receiving from the Marshall Plan on its capital investments and the money Austria gets from the sale of goods it receives through the Marshall Plan and which is put in a "special account," mostly to re-establish Austria's military-industrial potential, as well as to develop the energy and extractive industries working for the export of the "Marshallized" country. The credits from the Marshall Plan and the funds released from the "special account" were used in particu-

lar for the restoration and re-equipment of the metallurgical works in Linz and the aluminum works in Braunau, which were built by the Germans during the war and are mainly of military importance.

According to the aforementioned sources, the Americans claim that the Austrian government is building several new power plants in Austria's Western zones.

Five large power plants producing 1301 million kWh of energy per year are being built in the American zone. Among them are the power plants in Kaprun in Salzburg (600 Mil. kWh), in Großraming in Upper Austria (243 Mil. kWh), in Triberg in Upper Austria (167 Mil. kWh), in Steining in Upper Austria (170 Mil. kWh) and in Mühlroding in Upper Austria (121 Mil. kWh). These objects are intended to be 60–90 percent ready for operation in May 1950. Furthermore, two power plants producing 484 million kWh per year are being built in the British zone, as well as one with a production volume of 381 million kWh per year in the French zone.

The construction and positioning of the given power stations aim to provide the extractive branches of Austrian industry, whose products are being exported at the direction of the Americans, with electricity, as well as to export electricity to West Germany (Ruhr). This can be illustrated by the fact that there are no intentions to build new power stations in the eastern part of Austria and Vienna, where there is mainly manufacturing industry, although they receive only 50 percent of the energy/electricity they need from Austrian production.

At the same time, the Anglo-American occupation powers have started to build highways and lines of communication in their zones; they have started to expand and modernize airports and restore and re-equip some subterranean military plants—they are taking measures of completely military character.

The direct American interference in Austria's economic and political life in 1949 has become virtually dictatorial.

The head of the Mission for the Implementation of the Marshall Plan in Austria, King, gave the Austrian government written instructions on all important economic measures to be taken.

In March 1949, King asked the Austrian government to present him with the public expenses that were foreseen in the budget and could not be covered by current receipts, and to present him a program of measures on which they intend to spend the money that will be released by the Americans from the special account.

King then sent written instructions on the following issues to the Austrian government: the necessity and manner of the budget consolidation, the increase of taxes and tariffs, the terms and conditions for the third agreement on prices and wages, etc. Copies of these letters were published in the Austrian democratic press at the beginning of 1949.

Due to some pressure from the public, the Austrian government had to publish an official statement on the topic of the terms and conditions of the third agreement on prices and wages in King's letter. In this statement they confirmed the existence of such a letter and "explained" that the recommendations in the letter were to be regarded as King's desires, not as orders.

In his letter to Chancellor Figl on May 19, King asked the Austrian government to abolish import restrictions, price control, clearing formalities, etc. The letter ended with the following words: "I hope that your government will consult my mission before taking any steps that would be incompatible with the aforementioned aims."

On November 29, 1949, King delivered a programmatic speech in which he directed the Austrian institutions to implement the policy of the Marshall Plan in Austria. He indicated in particular that the Americans regard the devaluation of the Austrian shilling that was carried out to have been a provisional measure. Therefore he requested that "a complete currency reform be carried out" in which the Austrian authorities would lose all possibility of influencing the exchange rate of the shilling, i.e., one single exchange rate would be implemented (instead of the three rates that were established after the devaluation), and this rate would depend on the principle of demand and supply.

He further requested that Austria orient its foreign trade to the cheap supply of goods to "dollar markets" and limit the import of essential goods to the country.

Furthermore, he asked the Austrian government to give up the idea of protecting the domestic market from a flood of goods from the USA and other Marshallized countries.

King's program can actually be summarized in the following points:

1. Austria should give up all influence on its own currency and put it in the hands of international speculators.

2. Austria should become an even cheaper supplier of strategic raw materials and other goods that the USA is interested in.

3. Austria should put its market at the disposal of the American monopoly.

4. Austria should further weaken its trade relations with its natural partners in the East.

At the beginning of 1950, the Americans requested the amendment of the federal law from November 17, 1948: "On the Provision of the Sums Needed for the Coverage of American Assistance in Shillings." On February 1, 1950, the Austrian Parliament decided to amend this law. The delegates of the Socialist Party and the People's Party voted for the amendment, and so did the Federation of Independents.

The amended law became a further heavy burden for the working people and the financial situation of the country. The main point of the amendment is the following. Before the law was amended, after receiving the notice that goods had been dispatched in the USA, Austria's national bank used to transfer the corresponding [to the value of the goods] sum in shillings to the so-called special account. This sum was regarded as a credit from the national bank to the Austrian government. The revenue generated from the sale of these goods was used to pay off the aforementioned credit. Due to the fact that the receipts have normally been lower than the sum transferred to the "special account" in advance, because the Americans sell their goods at excessive prices, the Austrian government now has debts at the National Bank. Until February 1950, the Americans were prepared to pay off this debt from the money in the special account. In February, however, they asked the Austrian government to amend the law from November 17, 1948, onwards, referring to the fact that the current accounting procedures contradict the American law on the Marshall Plan. According to the amended law, the Austrian government is responsible for the difference between purchase price and selling price, i.e., this difference will be covered not by the special account but by the budget of the Austrian state.

Basically, this means that a new deficit is arising in the Austrian budget; in order to cover it, taxes and prices are going to be increased again.

In addition to this procedure, the Americans implemented a new procedure, according to which all enterprises interested in credit from the special account are obliged to provide the Austrian Marshall Plan office with their detailed accounts, plans, and drafts about the output and sale of their products and about business expansions, costs, prices, etc. Support is mostly provided to those enterprises that can contribute to the improvement of the balance of payments.

Under the guise of carrying out a rationalization of the Austrian industry and improving work productivity while retaining the current wage level, the Americans asked the Austrian government to establish a "Center for

Work Productivity." Besides rationalizing the industry and increasing work productivity, this center is also supposed to invite foreign experts who should then examine all technical and economic issues that face industrial enterprises and other branches of the Austrian national economy.

According to the Council of Ministers' decree of March 7, 1950, this committee was established under the name "Productivity Center" (Produktivitätszentrum). The board of the committee consists of representatives from the Central Office for the Implementation of the Marshall Plan in Austria, as well as representatives from the Economic Chamber, the Federation of Industries, and the Chamber of Labor. Taucher, the head of the Central Office for the Implementation of the Marshall Plan, was appointed head of the committee.

The concrete activities of the given committee started with the arrival of a commission of American economists—experts for "technical assistance"—in Austria. The commission has already finished its surveys of the marketing possibilities for Austrian goods on the American market.

The second measure is to send Austrian experts in the fields of railway transport, paper industry, statistics, and the hotel business to the USA so they can inform themselves about modern procedures and the organization of the respective branches in the USA. A group of Austrian experts in the field of sawing has already been to the USA and has returned to Austria. Expenditures related to these business trips are borne by the administration of the Marshall Plan.

The director of the Austrian University of Agriculture, who stayed in the USA for six months to study the organization and technology of several agricultural branches in the USA, returned to Austria in February 1950. Recently he has been giving lectures on this issue on the radio and in Austrian clubs.

For the years 1948–1949, 282 million dollars were assigned to Austria by the "Marshall Plan"; for 1949–1950 it was 252 million dollars. The plan for 1948–1949 was essentially fulfilled, except for some minor changes in the structure of the goods provided. In 1949, Austria received goods with a value of 175.6 million dollars directly from the USA, as well as so-called "internal European support"—goods from Marshallized countries (particularly Germany) with a value of 96.3 million dollars, i.e., a total amount of goods worth 272 million dollars.

Sixty-two percent of the goods that were actually supplied by the USA in 1949 were food, 11 percent were agricultural products, 20 percent were raw materials (particularly for the metallurgical industry and for the indus-

trial branches producing parts for power plants and metallurgical enterprises), 3 percent were fuel, 2 percent were equipment, and 2 percent were tobacco products.

Thirty-seven million dollars were assigned for the first quarter of 1950; in fact, goods worth 38.7 million dollars were delivered during this period. Fifty-four percent of the goods that were actually delivered in the first quarter of 1950 were food, 12.4 percent were equipment, and 25 percent were raw materials.

According to the first outlines for 1949–1950, 18.8 percent of the goods supplied during this whole period and 23 percent of the goods supplied in the first quarter of 1950 are supposed to have been equipment; in the years 1948–1949, it was only 4.4 percent.

The plan to increase the supply of equipment is therefore not being fulfilled. Food products still take first place among the goods supplied.

The Americans released 2 billion shillings from the "special account" in 1948; in 1949 it was 1.45 billion shillings, and for the first five months of 1950, it was 950 million shillings—a total of 4.4 billion shillings. Of the money released in 1948 and 1949, 850 million shillings was used for paying off national debts, 950 million for the restoration of highways and railways, 370 million for the construction of power plants, 670 million for capital investments in the industry (particularly the metallurgical and other raw materials' industries), and 132 million for capital investments in agriculture.

According to an article on the released sums for 1950 in the newspaper *Wiener Zeitung* on May 20, 1950, the money is being used for the following purposes: 203 million shillings for the planning of power plants, 160 million for the steel industry, 120 million for agriculture, forestry and wood industry, 100 million presumably for the construction of homes, 70 million for the paper industry, 60 million for railways, 60 million for public buildings, 40 million for tourism, 35 million for the textile industry, 20 million for the coal industry, 20 million for nonferrous metallurgy, 15 million for the metallurgical industry, 15 million for the chemical industry, 15 million for the construction of residential buildings, 6.75 million for handicrafts, 6 million for the electrical industry, and 4.25 million for market research—a total of 950 million shillings.

In the official report on the release of these amounts, it is said that "the Austrian side is not able to report on any details so far, because the note of the Marshall Plan's mission in Austria provides the Austrian government with the possibility to change particular paragraphs concerning the released money."

In the report by the head of the Marshall mission in Austria, King, from May 2, 1950, it was said that "a significant part of the Austrian investment program is applied to those economic sectors that contribute most to the achievement of the Marshall Plan mission and Austria's common aims, which are the adjustment of the balance of payments by increasing exports and cutting imports."

The total amount of American money in the "special account" on May 15, 1950, was 1.9 billion shillings, as opposed to 1.2 billion shillings on December 31, 1949.

Austria has now been receiving "help" from the Marshall Plan for two years. The results of this help can be summarized as follows:

Industry. During this period, i.e., from 1/4/1948 to 1/4/1950, Austria received supplies worth 592.7 million dollars or 12.684 billion shillings (according to the current exchange rate of one dollar for 21.36 shillings) from the Marshall Plan.

The money Austria receives for the goods supplied by the Marshall Plan is transferred to the "special account" at the National Bank; the account is operated by the U.S. government. Over the two years, the American government was allowed to release 4.4 billion shillings and to invest them in those branches of the Austrian national economy whose development is of interest for American policy in Europe. As a result, the disproportion in the development of the different Austrian industrial branches is growing larger under the influence of the Marshall Plan.

Branches of the extractive industry, particularly black iron and nonferrous metallurgy, as well as the magnesite industry, have significantly exceeded the 1937 level (compared to 1937, the black iron industry has produced 145 percent, nonferrous metallurgy 185 percent and the magnesite industry 151 percent), while light industry and the food industry have not yet reached the production level of 1937 (compared to 1937, light industry has produced 75 percent and the food industry 93 percent).

The processing branches of the industry have been facing a slight crisis recently. In the first nine months of 1949, 259 enterprises in this branch went bankrupt; in 1947, it was only 29 firms. Unemployment has become a recurring phenomenon: in comparison to February 1948, the unemployment rate was four times higher in February 1950; 195,000 people, or 10 percent of all Austrian workers and employees, were unemployed by then. In May 1950, the number of unemployed decreased to 108,000 (due to the beginning of the seasonal work period, particularly in the construction industry).

These figures can be supplemented with the following indicators: over 30 percent of food industry workers, 20 percent of metalworkers, 27 percent of engineers and technicians, and 21 percent of engine drivers, i.e., 254,000 people, are not able to find work adequate to their learned profession and are forced to do unskilled work.

While the markets in the metallurgical, mining, and machine-engineering industries are not glutted yet, a significant decrease in demand can be noticed in the building materials industry (cement and bricks), the footwear and leather industry, the wood industry (carpentry and furniture production), as well as the textile and cosmetic industry, leading to overstocking and a decline in production. In the cement industry, the surplus goods increased by 1.5 times compared to the year before, while production in the same period decreased by 40 percent.

From January to March 1950, the tobacco industry production decreased by 50 percent and the carpet industry by 12–15 percent. The footwear industry is still working mainly for the storehouses. The Vienna Shoe Company, for instance, produces 700 pairs of shoes daily, but they only sell 15 pairs a day. As a result, the production of footwear decreased from 440,000 pairs in March to 340,000 pairs in April and several footwear-producing companies have switched to half-workdays.

Due to the Marshallization of Austria, the process of absolute and relative impoverishment of the working class has become stronger, which can be illustrated with the following figures. The industrial production in 1949 was slightly higher than in 1937 (101.5 percent); according to provisional data, Austria's national income was 101.3 percent compared to 1937. At the same time, wages were only 55–60 percent compared to 1937. According to official data, the salary schedule for industrial workers and employees comprised 3.7 billion shillings in 1948, while the entrepreneurs' income was at 2.5 billion shillings, i.e. 70 percent of the total salary schedule.

On December 6, 1949, the official government newspaper *Wiener Zeitung* published the balance [sheet] of Austria's largest enterprise Austro-American Magnesite Corporation (Österreichisch-Amerikanische Magnesit AG), showing that the schedule of salaries for workers and employees, including the high salaries for directors, was 25.2 million shillings in 1948, while the entrepreneurs' gross profit was at 27.7 million shillings, i.e., the capitalists' income could pay for 110 percent of the salaries.

Foreign trade. The foreign trade structures went through significant changes under the influence of the Marshall Plan—changes leading to a clearly negative direction for Austria.

While finished goods took first place and accounted for 62 percent of the total export before the war, and semi-finished goods and raw materials were at second place with 35 percent, the figures turned around by 1949. Now raw materials and semi-finished goods take first place with 50.3 percent, and finished products are in second place with 48.7 percent. It has to be said that after Austria started to receive "help" from the Marshall Plan in 1948, the export of raw materials and semi-finished goods significantly increased, while the significance of finished goods for export began to decline. Only in 1949 did the proportion of exported finished goods drop by 17.3 percent compared to 1948; at the same time, the export of raw materials and semi-finished goods increased by 8.3 percent in the same period.

These changes in the structure of foreign trade have already resulted in Austrian industry and particularly its main branch—the processing industry—experiencing grave deficiencies in their foreign exchange earnings, which they urgently need to purchase imported raw materials, which constitute 30–50 percent of all raw materials used in the country.

The foreign trade deficit is increasing year-on-year. In absolute terms it was 237 million shillings in 1947, 618 million shillings in 1948, 1.25 billion shillings in 1949, and for the first quarter of 1950, it has already reached 506 million shillings, i.e., it is four times higher than it was at the same time the year before (for the first quarter of 1949, the foreign trade deficit was 133 million shillings).

This kind of development of foreign trade leads to a decrease in the foreign exchange earnings of Austria's industry. It [the industry] is not able to establish a solid basis for its further development and is therefore forced to seek foreign help. Its dependence on foreign help increases each year.

Finances. The devaluation of the Austrian currency, which was carried out in November 1949 at the request of the American administration for the implementation of the Marshall Plan, caused a 40 percent increase in prices for industrial raw materials, which then led to an increase of up to 35 percent in prices for goods manufactured in Austria. Thus the competitiveness of Austrian goods on the global market began to decrease. As a result, from the second half of 1949, Austrian industry experienced significant problems selling its products on the world market as well as on the Austrian market. At the same time, the devaluation enabled the Americans to plunder the Austrian people even more. While the average sum transferred to the "special accounts" due to the selling of goods supplied by the Americans to Austria via the Marshall Plan was about 180 million shillings before the devaluation took place, this amount increased to 240 million shillings after the devaluation.

The devaluation also facilitated the direct penetration of American capital into important branches of the Austrian industry. For instance, America provided the Semperit enterprise (Soviet zone) with a large plant for the vulcanization of tires. This enterprise received equipment and raw materials worth 1.6 million dollars via the Marshall Plan. The Schoeller-Bleckmann metallurgical factory received 15 million shillings in 1949 and in the first quarter of 1950. Austria also receives credit to be used for the purchase of fur from British banks that are particularly interested in the Austrian textile industry. In the first quarter of the year, the fur factory in Bad Vöslau (Soviet zone) received fur at the expense of these credits, and at the same time it was visited by representatives of British enterprises.

The Marshall Plan is also directed against our enterprises in Austria, which used to have leading roles in some branches, for instance, in the electro-technical industry producing electric motors and electronic measuring devices, as well as in the field of machine engineering for agricultural purposes and the production of metal constructions.

Due to the Marshall Plan, new alternative factories are being built and old ones are being expanded in Austria's Western zones. They have already become serious competitors for the enterprises of the USIA.

For instance, in 1949, AEG's electric motor factory in Deuchendorf was put into operation, and the Elin machine engineering factory in Weiz, which is competing with the USIA's Siemens-Schuckert factories No. 1 and No. 2, was expanded. The factory [illegible]bacher Werke, which is a competitor of the USIA's Hofherr-Schrantz factory in the production of agricultural machines, was re-equipped as well.

The Waagner-Biro factory in Graz and the Stahlbau factory in Linz began to compete with the USIA's Waagner-Biro factories in the production of metal constructions. The Steyr-Daimler-Puch enterprise is pushing the products of the USIA's Austro-Fiat (buses and trucks) out of the market.

These facts and figures show that under the influence of the Marshall Plan, the Austrian economy is increasingly developing into a colonial appendage and source of raw materials for the Anglo-American bloc. As a result, year by year, Austria's industry, foreign trade, and financial structures are becoming more dependent on help from abroad.

By releasing the funds from the so-called "special accounts," to which they [the funds] are transferred after selling products that have been supplied to Austria by the Marshall Plan, the U.S. government—via the Austrian government—finances those branches of the Austrian economy that are not competing with American trusts and monopolies. The Austrian

government has turned into a puppet of the Anglo-American bloc; at the request of the latter [the Anglo-American bloc], it is leading the country down the path of fascism, toward the integration into imperialist military blocs and unions. This is demonstrated by the Austrian government's May 23 resolution, in which they openly declare themselves to be opponents of the Stockholm Appeal, pronounce themselves against the ban on nuclear weapons and take the position of persecuting those who want peace. There is no doubt that this position is dictated by foreign imperialist powers; it has nothing in common with Austria's national interests.

Signed: M. Shavlak

Source: AVP RF, f. 066, op. 31, p. 149, d. 29, ll. 7–19.

Index of Geographical Names

A

Adâncata *31*
Aigen *358*
Aiud *100*
Ajka *161*, *162*
Albania *5*, *11*, *356*
Albeşti *31*
Almásfüzítő *180*, *183*
Altendorf *359*
Anina *139*, *140*
Aporháza *148*
Arad *122*
Asia *13*
Auschwitz *153*
Austria *xi*, *xii*, *2*, *6–9*, *12–13*, *15*, *18–25*, *39*, *135*, *140*, *156*, *158*, *172*, *191*, *215*, *242*, *251*, *255–261*, *271*, *273–280*, *284–287*, *290*, *295*, *298*, *300–304*, *306–318*, *326–330*, *336–355*, *359–360*, *362–365*, *367–377*

B

Bacău *139*
Baden *278*
Bad Vöslau *376*
Baia County *84*
Báj *151*
Balaton *174*
Balkan *2*, *300*, *314*, *317*
Bălteşti *32*
Baltic States *7*
Banat *92*
Barabás *171*
Bărăgan *44*, *46*, *51*, *88*
Bărăgan plain *44*
Baranya County *194*
Bavaria *314*
Békéscsaba *337*
Belgium *111*, *227*, *259*
Belgrade *276*
Berchtesgaden *259*
Bereg County *151*, *171*
Beregszász *171*
Berlin *2*, *5*, *24*, *27*, *37*, *301*, *303*, *316*, *330*
Bessarabia *9*, *44*, *51*, *116*
Bistrița *89*, *92*
Black Sea *78*, *139*
Blejoi *32*
Bodonos *148*
Borsod County *210*
Brăila *78*, *139*, *141*
Brăneşti *38*
Brătianu *66–68*, *105*
Bratislava *157*
Braunau *368*
Brazi *33*

Brazil *89*
Britain *1–2*, *13–16*, *258*, *312*, *314–315*
Brno *312*
Broşteni Estates *92*
Bryansk *171*
Bucharest *14*, *16–17*, *42*, *44*, *51–52*, *65*, *67*, *69*, *73*, *89*, *92*, *102*, *119*, *122*, *128*, *130*, *276*, *346*
Bucov *31*
Bucovina *51*, *83*
Budapest *xi*, *xii*, *4–5*, *7*, *11–12*, *14*, *19*, *21*, *25*, *28*, *146*, *154–155*, *161*, *165*, *180*, *184*, *189*, *191–192*, *194–196*, *199*, *201*, *204*, *208–210*, *215*, *223*, *238*, *242–243*, *248*, *276*
Bukovina *89*, *92*, *116*
Bulgaria *5*, *7*, *11–12*, *14*, *50*, *145*, *147*, *172*, *276*
Burgenland *309*, *339*, *342*

C

Calafat *37*
Călăraşi *50*
Călimăneşti *37*
Călineşti *122*
Câmpina *139*, *140*
Caracal *69*
Caransebeş *92*
Carinthia *309*, *363*
Carpathian Basin *145*
Carpatho-Ukraine *9*
Cernăuți *51*
Cetatea-Albă *52*
Chernivtsi *153*
Chilia *35*
China *169*
Chişinău-Criş *122*
Chițorani *34*
Ciofrângeni *31*
Ciorani *31*
Ciuc County *92*, *94*
Cloşani *97*
Cluj *136*
Comarnic *33*
Constanța *47*, *69*, *78*, *139*
Constanța County *47*
Corabia *37*
Corbu *35*
Coroanei Estates *92*
Coşlegi *32*
Costeşti *37*
Coteana *35*
Craiova *37*
Crimea *51*
Czechoslovakia *5–7*, *9*, *11*, *13*, *15*, *20*, *26–28*, *116*, *135*, *145–147*, *149*, *156*, *193–195*, *215*, *219–220*, *231*, *257–258*, *284*, *302*, *307*, *314*, *330*, *356*
Csap *245*
Csepel *174*
Csobaj *151*
Csomaköz *148*
Csongrád County *210*

D

Dachau *307*
Danube *15*, *71*, *78*, *117*, *139*, *172–174*, *178*, *180–181*, *183*, *364*
Danube Delta *117*
Darvari forest *89*
Debrecen *24*, *156*, *210*, *337*
Deuchendorf *376*
Devesel *36*
Dobrogea *47*, *48*, *136*
Dobroteasa *36*
Doiceşti *122*
Dolj County *37*
Donets *147*
Drăgăneşti *31*, *122*
Drajna *33*

E

Eastern Austria *13*, *20*, *22*, *275*, *301–303*, *308*, *316*, *364*
Eastern Germany *301*
Edineț *44*
Eisenstadt *339*
England *188–190*, *227*, *257*, *260*, *348*, *363*

Érd *155*
Erdőd *147*, *148*
Érmindszent *148*
Esztergom *191*

F

Făgăraș *46*, *51*
Feldbach *328*, *329*
Filipeşti *122*
Finland *24*, *301*
Florence *36*
Floridsdorf *275*
Focșani *157*, *332*
Fragila *36*
France *4*, *15*, *131*, *189*, *219–220*, *227*, *363*
Fulga *33*
Fulton *187*

G

Galați *51*, *78*, *96*, *139*, *141*
Geiselberg *274*
Geneva *23*
German Reich *2*, *258*
Germany *1–4*, *6*, *8*, *13*, *15*, *18*, *24*, *36*, *39–41*, *43*, *48*, *51*, *54*, *70*, *96*, *112*, *147*, *156–158*, *169*, *172*, *175*, *186–187*, *194–195*, *215*, *219*, *232*, *255–259*, *271*, *274*, *276*, *295*, *298*, *301*, *304*, *314*, *317*, *330*, *341*, *347*, *354–355*, *368*, *371*
Gherghița *33*
Gherla *46*
Gilvács *148*
Giurgiu *78*
Gorizia *189*
Gorj County *38*
Gostovăț *35*
Gösting *274*
Graz *xi*, *xii*, *2*, *9*, *23*, *26*, *28*, *376*
Great Britain *1–2*, *13–15*, *258*, *312*, *314–315*
Greece *15*, *35*, *36*
Groși *84*
Groß-Enzersdorf *363–365*
Großraming *368*
Gura Drăgăneşti *122*
Güssing *339*
Győr *208*

H

Hăbud *33*
Hajdú County *210*
Haslach *358*
Hătcărău *31*
Hatvan *337*
Hegyeshalom *245*
Herndon *194*
Herzogenburg *294*
Hosszúhetény *174*
Hungary *xi–xii*, *5*, *7–15*, *18–21*, *24–27*, *39–41*, *43*, *48*, *54*, *70*, *108*, *116*, *135*, *143*, *145–147*, *153–154*, *156*, *158*, *160*, *163–164*, *169–177*, *179–185*, *188*, *191–195*, *207*, *214–215*, *222*, *225–227*, *230–235*, *240*, *242*, *244*, *246*, *248*, *257*, *268*, *298*, *300*, *302*, *314*, *330*, *336*, *338*, *364*, *366*

I

Iaşi *xii*, *16*, *25*, *26*, *32*, *39*
Ilfov County *31*, *39*
Innsbruck *9*, *13*, *26*, *27*, *191*
Italy *4*, *15*, *151*, *189*, *259*
Izvoarele *34*
Izvorani *31*

J

Jász-Nagykun-Szolnok County *212*
Jilava *39*, *46*, *51*, *149*
Jiu Valley *139*, *140*, *173*

K

Kagran *275*
Kaposvár *216*
Kaprun *368*

Karcag *156*
Katowice *153*
Katyn *5*
Kecskemét *337*
Korneuburg *275*, *293*
Kőbánya *155*
Krakow *153*
Kreisbach *296*
Krennach *328*, *329*
Krenzefeld *274*
Krivoi Rog *77*

L

Leu *69*
Linz *259*, *368*, *376*
Lipova *86–87*
Lobau *275*
London *3*, *5*, *14–15*, *25*, *27*, *68*, *117*, *125*, *173*, *258*, *312*, *353*
Lower Austria *309*, *342*

M

Măgurele *32*
Maustrenk *274*
Mauthausen *307*
Mecsekszabolcs *174*
Mediterranean *14*
Mehedinți County *38*
Middle Europe *189*
Miskolc *158*, *210*, *337*
Moldova *93*, *136*
Montfalcone *189*
Moscow *1–3*, *5*, *7*, *9*, *12–14*, *16–18*, *20–23*, *25–26*, *28*, *47*, *65*, *69*, *74–75*, *77*, *90*, *102*, *122*, *147*, *158*, *162*, *172*, *174–175*, *177*, *182*, *185–186*, *188*, *190–195*, *204*, *248*, *258*, *260*, *271*, *284*, *288*, *296*, *300*, *346*, *348*, *349*, *362*, *367*
Munich *8*, *51*, *257*
Munkács *149*
Muntenia *136*
Mühlroding *368*

N

Nagybánya *148*
Nagykároly *147–148*
Nagymadarász *148*
Nagyszeben *37*, *214*
Nagyvárad *113*, *148*
Năsăud *82–84*, *89*, *92*
Neamț County *84*
Negoiești *33*
New Jersey *96*
New Orleans *xi*, *xii*
New York *3–5*, *9*, *12*, *15*, *25–28*, *366*
Niederwaldkirchen *359*
Nyíregyháza *216*

O

Oberrohrbach *293*
Oberwart *339*
Ocnele Mari *39*
Odessa *45*, *50–52*
Odorhei *122*
Ogretin *33*
Olt County *35*, *36*
Oltenia *136*
Oltenița *50*
Oradea *113*, *148*

P

Paris *8*, *23*, *26*, *43*, *190*, *214*, *248*, *273*, *312*, *363*, *366*
Passau *259*
Pécs *173–174*
Pest County *204*, *212*
Pestszenterzsébet *154–155*
Pestszentimre *155*
Pestszentlőrinc *155*
Piatra Olt *37*
Pietroșani *32*
Pipirig *84*
Pitești *39*, *43*
Ploiești *139*
Ploieștiori *32*
Podenii Vechi *33*

Poiana Vărbilău *33*
Poland *3*, *5*, *9*, *11*, *14*, *26*, *117*, *195*, *257*, *302*, *307*, *314*, *330*, *356*
Poseşti *33*
Potsdam *13*, *20*, *172*, *175*, *195*, *232*, *307*, *308*, *312–313*
Prague *5*, *13*, *20*, *27*
Prahova County *31*
Prahova Valley *78*, *93*
Pressbaum *296*
Prisaca *122*
Puțuri *37*

R

Rakamaz *151*, *152*
Rákosszentmihály *155*
Râmnicu Sărat *100*, *106*
Râmnicu Vâlcea *37*
Râşca *84*
Reşița *139*
Rohrbach *358*
Romanați County *36*
Romania *xi*, *xii*, *5*, *7–9*, *11–21*, *24–26*, *28–29*, *31*, *35–36*, *39–40*, *43–45*, *47*, *53–58*, *60*, *63*, *65–68*, *70–73*, *75–79*, *81–82*, *86*, *92–93*, *95–96*, *102*, *105*, *108*, *113*, *115–116*, *119*, *123–126*, *128–129*, *130*, *132–133*, *135–136*, *139*, *145–147*, *157*, *170*, *172*, *185–186*, *193*, *214*, *220*, *248*, *276*, *332*, *357*, *364*, *366*
Rome *296*
Roşu *31*
Ruhr *368*
Ruthenia *145*, *171*
R. Vâlcea *37*, *93*

S

Sailer *359*
Salgótarján *173*, *211*
Salzburg *309*, *368*
Sankt Pölten *294*
Sankt-Ulrich *274*
Sashalom *155*
Sátoraljaújhely *337*
Scăioşi *33*
Schwechat *275*
Sepsibodok *157*
Sibiu *37*, *214*
Sighetu Marmației *86*, *332*
Silistra *50*
Sinaia *39*
Slovakia *6*, *219*
Sofia *12*, *276*
Someş County *84*
Somogy *145*, *174*
Sopron *173*, *314*
Soroca *36*
Soroksár *155*
Şotânga *122*, *139*, *140*
South Tyrol *259*, *314*, *315*
Soviet Union *1–10*, *12–14*, *16*, *19*, *21–25*, *27–28*, *39*, *54–55*, *65*, *92*, *116*, *126*, *129*, *130–132*, *140*, *145*, *147*, *150*, *153–154*, *156*, *158–159*, *163*, *169*, *171–177*, *182*, *185–186*, *188–189*, *192–195*, *207–208*, *214*, *220*, *225*, *231–232*, *240*, *242*, *248*, *255*, *257*, *260*, *271*, *273*, *276*, *295*, *298*, *301*, *306–308*, *311–317*, *327*, *330*, *336*, *340–343*, *348–349*, *353*, *358*, *360*, *363–364*
Stalin *1–6*, *8–11*, *13–14*, *16–22*, *25–28*, *57*, *65*, *68*, *102–103*, *128*, *139*, *175*, *185*, *187*, *217*, *220*, *255*, *258*, *271–273*, *276*, *278–279*, *303*, *314*, *327*, *360*, *362–363*, *366*
Steining *368*
St. Germain *273*
Stockholm *377*
Styria *28*, *307*, *309*
Svalyava *149*, *151*, *171*
Switzerland *32*, *36*, *65*, *89*, *194*, *227*
Szabolcs County *150–152*
Szaniszló *148*
Szatmár *145–149*, *151*, *197*
Szatmár County *146*, *149*, *197*
Szeged *210*, *337*, *339*
Székelyhíd *148*
Sziget *357*
Szolnok *204*, *212*, *337*

T

Taktaköz *150–151*
Tardos *151*
Târgoviște *139*
Târgu Jiu *38*
Tárnok *158*, *161–162*
Tarvisio *189*
Teișani *33*
Tímár *151*
Timișoara *51*, *122*, *170*
Tiszaladány *151*
Tisza River *214*
Tiszatardos *150*
Traismauer *294*
Transcarpathian Ukraine *171*
Transdanubia *172*, *197*, *211*
Transnistria *51*
Transylvania *16–18*, *41*, *57*, *66*, *83*, *102*, *107–108*, *116*, *126*, *136*, *146*, *193*, *214*
Triberg *368*
Trieste *189*
Tulcea *52*
Túr *171*
Turkey *15*
Turnu Severin *69*, *139*
Tyrol *259*, *309*, *314–315*

U

Újpest *158*, *160–162*, *173*
Ungvár *151*
United Kingdom *3*, *16*, *40*
United States *1–3*, *5–6*, *8–9*, *12*, *14–16*, *21*, *25–27*, *40*, *51*, *96*, *111*, *151*, *174*, *188–190*, *194*, *225*, *227*, *235*, *255*, *257*
Upper Austria *309*, *368*
US *25*, *330–331*, *367*
USA *116*, *257*, *260*, *306*, *311*, *314–315*, *341*, *345*, *348–349*, *363*, *367*, *369–371*
USSR *3–4*, *6–8*, *12*, *15*, *20–21*, *23–24*, *40*, *45*, *50–51*, *53–55*, *59*, *65*, *69–71*, *73*, *75–81*, *84*, *116*, *121*, *124*, *126–128*, *139*, *248*, *253*, *254–255*, *260*, *262–263*, *271*, *274*, *280*, *294–296*, *300–303*, *306*, *308*, *318*, *322–324*, *326–327*, *330*, *332–335*, *346*, *348–352*, *355–357*, *360–361*, *363–364*

V

Văcărești *39*
Vâlcea County *37*, *93*
Valea Călugărească *32*
Valea Unguroaicei *122*
Vállaj *148*
Vasas *174*
Vas County *197*
Vatican *146*, *149*, *310*
Vienna *xi–xii*, *2*, *7*, *12*, *18*, *21–23*, *25–28*, *96*, *146*, *242*, *244*, *260*, *272*, *274–279*, *284–285*, *291*, *294*, *296*, *303*, *307*, *309*, *311–313*, *342*, *368*, *374*
Viharsarok *197*
Vlăsia plain *89*
Vorarlberg *309*
Vösendorf *275*
Vulpești *36*

W

Warsaw *5*, *15*, *117*, *284*
Washington *3–5*, *13–14*, *25*, *27*, *194*, *215*
Weiz *376*
Western Europe *10*, *15*, *24*, *130*
Wiener Neustadt *278*, *326*
Wilhelmsburg *294*
Wöllersdorf *294*

Y

Yalta *3*, *7*, *14*, *26*, *28*
Yugoslavia *5*, *9*, *11*, *92*, *145*, *147*, *189*, *231*, *276*, *284*, *346*, *353–354*, *356*, *363*, *366*

Z

Zistersdorf *274*

Index of Personal Names

A

Aigel, Fritz *359*
Alexandrescu, Anton *100*, *114*, *117*
Alexandrini, Alexandru *100*, *119*, *121*
Alexandru, Maria *33*, *100*, *130*, *134*, *138*
Anoshin *284*
Antonescu, Ion *15*, *39*, *40*, *66*, *96*, *102*, *115*
Antonov, Aleksei I. *272*, *278*
Antos, István *242*, *246*
Arghir *51*
Arkadevich *335*
Artenie, Gh. *127*
Aurite, Romeo A. [code name: Hariton, R.] *51*
Auschnitt, Max [Ausnit group] *96*, *105*, *130*

B

Bacher, Dieter *xii*
Bachfischer, Susanne *xii*
Bădescu, Marin *35*
Balotescu, Gheorghe *51*
Balş, Alexandru *130*
Balthazár, Lajos *243*
Banu, Florian *xii*
Banu, Simion *31*
Bărănescu *32*
Baranov *352*
Baráth, Magdolna *xii*
Bâră, Toma *31*
Bárdi, Kálmán *153*
Bárdi, Tamás *153*
Barosanu, Nicolae *32*
Barulin, Grigorii S. *345*
Bastrov *121*
Baumann family *359*
Baumgartner, Antal *148*
Bazalan, Dumitru *69*
Bebrits, Lajos *246*
Bejan, Petre *88*, *90*, *100*
Belai *136*
Belavin *126*
Beneš, Edvard *5–6*, *9*, *68*, *258*
Bereskov *86*, *87*
Beria, Lavrentii Pavlovich *65*, *240*, *274*, *278*, *327*, *360*
Berry, Burton *19*
Beshchev, Boris Pavlovich *357*
Bevin, Ernest *14*, *312*
Bischof, Günter *xi*, *12*, *15*, *21*, *25*
Bobkov, Lev Nikolaevich *175*, *177*
Bochkov, Viktor Mikhailovich *334*
Bocu, Sever *86–87*
Bontilă, Gheorghe *130*
Borisov, E. M. *301*

Bosi *32*
Bossy, Robert C. *32*
Brătianu, Constantin I. [Brătianu, Dinu] *66–68*, *105*
Buchner, Ferdinand *327*
Bujoiu, Ioan *130*
Bulganin, Nikolai A. *278*
Bumballa, *see* Burenau, Raoul
Burenau, Raoul *288*
Burmak *322*
Bushkov *297*

C

Cassian, Gheorghe *55*
Caterciko, Vladimir [Katreciko] *45*
Charles IV *191*
Chioreanu, Nistor *130*
Chiriţa, Chirilă *31*
Chişinevschi, Iosif [Roitman, Iosif] *136*
Christu, Ion Şerban *43*, *49*, *54*, *55*
Chubar'yan, Aleksandr O. *2*, *20*, *25*, *26*
Churchill, Winston *5*, *187*, *258*
Chusov, V. M. *242*
Ciulei, Leonida *36*
Clark, Colin *226*, *257*
Cociubei, Nicolae Gh. [also known as Arghir] *51*
Coldanov, D. *88*, *90*, *94*, *96–97*, *99–101*
Coliu, Dumitru [Kolev, Dimităr] *138*
Constantinescu, Miron *138*, *140*
Cordinoiu, Ştefan *32*
Coroiu *34*
Cristea, Constantin *31*
Cristea, Grigore *33*
Cristea, T. *32*
Cristopol *32*
Curăraru, Ioan Şt. *51*
Czumbel, Lajos *149*

D

Dekanozov, Vladimir Georgievich *240*, *278*
Demetriade, Gheorghe S. *51*
Demetriad, Gh. *51*
Dima, Feodor *52*
Dinnyés, Lajos *151*
Diósszilágyi, N. *241*
Diţulescu *35*
Dmitriev *357*
Dobrescu *32*
Dobrincu, Dorin *xii*, *102*
Dobrin, Gheorghe *32*
Dubowitzky *47*
Dumitrescu, Vasile C. *51*
Dumitrică, Veta *32*
Durma, M. *74*, *75*
Dzerzhinskii, Feliks *267*

E

Eden, Robert Anthony *190*, *256–257*
Elek, Tivadar *243*
Emmerling, Georg *277*
Engels, Friedrich *218*
Erőss, János *151*

F

Farkas, Mihály *204*
Figl, Leopold *22*, *306–307*, *310–311*, *313*,*–315*, *326*, *369*
Filippov, Taras F. *335*
Finoghenov, D. *88*, *97–100*
Fischer, Ernst *284*, *288–289*
Franczen, Károly *148*
Frieß, Anton Josef *328*, *329*
Fürnberg, Friedl *327*, *346*

G

Gagiu, Petre *36*
Galdin *158*, *160–162*
Gamov *296*
Gáspár, József *243*
Georgescu, Boris *51*
Georgescu, Teohari *86*, *102*
Gerő, Ernő *204*
Gerö, Josef *326*
Gheorghiu-Dej, Gheorghe *16*, *25*, *88*, *99*, *101–102*, *119*, *138*, *140*

Gheorghiu, Dimitrie *130*
Gheorghiu, Ion *31*
Ghimişliu *126*
Gnechko *320*
Golev, Yakov I. *302*
Golikov, Filipp I. *357*
Golubchenko, E. N. *318*
Gornostaev, Yakov Filippovich *335*
Grapini, N. *89*, *92*
Gromyko, Andrei A. *362–363*
Groza, Petru *14*, *17–18*, *20*, *57*, *65–68*, *74*, *83*, *88–89*, *91–93*, *96–101*, *107–108*, *117*, *128*
Gruber, Ernő *148*
Gruber, Karl *310*
Gulin *298–299*
Guran, Jean *35*
Gyöngyösi, János *151*, *163*

H

Habsburg, Otto von *191*, *364*
Hariton, R. [Romeo A. Aurite] *51*
Hauptmann *287*
Helmer, Oskar *309*, *311*, *326*, *327*
Hitler, Adolf *5*, *256–257*, *259–261*, *298*, *355*
Homoki, István *148*
Honner, Franz *284*, *286*, *288*
Horthy, Miklós *18*, *116*
Hösele, Herwig *xi*
Hull, Cordell *256*, *258*

I

Iacobescu, M. *32*
Iankovskii, Vladimir [Volodia] *52*
Iber, Walter M. *xii*, *9*, *13*, *21–22*, *24*, *26*
Ilie, Dan *89*, *92*
Ionescu, M. *32*
Ionescu, Tudor *100*

K

Kádár, János *204*
Kardos, Kálmán *230*
Karner, Stefan *xi–xii*, *2*, *7–9*, *20–23*, *26*
Kavtaradze, Sergei [Sergo] I. *128*
Keene, Brandon *xii*
Kerr, John Clark *257*
Key, William S. *158*
Khomaiko *358*
Khromin *320*
Khrulev *357*
King Carol II *66*, *96–97*
King Constantine I of Greece *36*
King Michael I *17*, *32*
Kintescu, Gheorghe *68*
Kirillov *296*
Kiselev, Evgenii *300*, *306*, *317*
Klasnic, Waltraud *xi*
Kleidenger family *359*
Klopf, Elfriede *359*
Knoll, Harald *xii*, *22–23*
Koktomov, Nikolai P. *353*
Kollmann, Josef *278*
Konchester *296*
Konev, Ivan *300–304*
Konviser, B. I. *328–329*
Koplenig, Johann *284–286*, *346*, *350*
Koptelov, Mikhail E. *279, 367*
Kornfeind, Elisabeth *xi*
Kostylev *338*
Kovács, Barna *151*
Krauland, Peter *326*
Krivenko, Mikhail M. *326–327*
Kruglov, Sergei Nikiforovich *326*, *356–357*
Kryukov *293*
Kunschak, Leopold *277–278*
Kunz, Adolf *258*
Kuptsov, A. *331*
Kurasov, Vladimir V. *317*, *343*
Kuznetsov, Aleksei S. *69*, *327*
Kühne, Péter *148*

L

Lakhtin *296*
Láng, Lajos *148*
Lasserso *88*
Lauscher, Josef *284*

Lengyel, László *148*
Lenin, Valdimir Ilich *267*
Levushkin, Ivan Ivanovich *222*
Lichtheim, George *225*
Lissievici, Ioan *46*, *89*
Literáty *171*
Litvinov, Maksim M. *193*, *255*
Luca, Vasile *128*
Lundestad, Geir *13*, *15*, *27*
Lupescu, Elena *96*
Lupu, Nicolae Gh. *68*

M

Măcellariu, Horia *130*
Malaxa, Nicolae *69*, *96–98*, *117*
Malenkov, Georgii M. *65*, *102*, *274*, *278*, *303*
Malinovskii, Rodion Ya. *16*, *39*, *57*, *271*, *288*
Maniu, Iuliu *66*, *68*, *105–106*, *108*, *117*
Manolescu, Lelia *35*, *93*
Manu, George *130*
Mărgineanu, Nicolae *130*
Marinescu, Vasile *35*
Martynov, B. Kh. *297*
Marx, Karl *xii*, *2*, *6–7*, *13*, *21–23*, *26*, *28*, *218*
Masaryk, Jan *5*
Maurer, Ion Gheorghe [Jean Georges] *99*, *119–123*, *305*
Melau, Ferenc *148*
Merkulov, Vsevolod N. *360–362*
Mihail, Gheorghe *39*
Mihailovici, Alexander *47*
Mihalache, Ion *106*
Miklas, Wilhelm *277–278*
Mikołajczyk, Stanisław *117*
Mikoyan, Anastas I. *74–75*, *303*
Milke, Regina *359*
Minakin *298–299*
Mindszenty, József 191
Mocsony-Stârcea, Ioan *65*
Moghioroș [Mogyorósi], Alexandru *138*
Molotov, Vlyacheslav M. *2–3*, *7–8*, *19*, *65*, *102*, *185*, *255*, *273*, *278*, *327*, *330*, *345*
Monostori, Ferenc *148*
Morozov, Stepan Ilich *284*
Motoc, Constantin *31*

N

Nagyatádi Szabó, István *194*
Nagy, Ferenc *19–20*, *151*, *159*, *174–175*, *185–186*, *192*, *194–195*
Nagy, Imre *204*
Naneyshvili *299*
Neagu, Stan I. [code name: Neagu Stanciu] *45*, *50*
Negel, Dumitru *66*
Nicolaescu, Petre *37*
Niculescu, Gogu *34*

O

Obiloiu, Gheorghe *32*
Obiloiu, Ştefan *32*
Ogarkov *293*
Olaru, Gheorghe *31*
Olteanu *69*
Osipov, A. E. *303*
Ostrovschi, Leon A. *44–45*
Ovakimyan, G. B. *69*

P

Paclișeanu, Zeno [Pâclișanu, Zenovie] *148*
P., A[lfred] *2*
Parragi, György *214*
Pătrășcanu, Lucrețiu *16*
Păun, Ion *32*
Pavlov, Ivan *262*, *270*, *281*
Perju, Constantin I. *51*
Petkov, Nikola *12*
Petrașcu, Nicolae *130*
Petre, Elena Gh. *31*, *33*, *36–37*, *88*
Petrov, I. *28*, *248–249*

Pilsudski, Jozef *117*
Pleshakov *4*, *9*, *28*
Pokhuev *283*
Polauer, János *155*
Pollak, Oscar *312*
Popa, Constantin *32*
Pop, Alexandru *130*
Pope Benedict XVI *149*
Pope Pius XII *149*
Popescu, Gheorghe *31*
Popescu, Marica *31*
Pöschl, Wilhelm *358*
Prell *358*
Pretorian, Septimiu *62*
Prikhod'ko *327*
Prince Alexandru Ioan Cuza *134*
Prince Barbu Ştirbey *65*
Prince Carol *35–36*
Prince Carol II of Romania *36*
Prince Nicolae *92*
Princess Helen of Greece *35*
Pushkin, Georgii Maksimovich *19*, *169*
Pustovoii *296*

Q

Queen Elena *33*, *36*, *96*
Queen Sophia of Prussia *36*

R

Rachieru, C. *89*, *91*, *93*, *97*
Racovitză, Mihail *44*
Rácz, Lajos *243*
Rădescu, Nicolae *17–18*, *39*, *40*, *43*, *63*, *65*, *69*, *118*
Rajk, László *204*
Rákosi, Mátyás *8*, *10–12*, *14*, *19–20*, *116*, *175*, *185–187*, *192–193*, *196*, *204*
Remizov *242–243*
Renner, Karl *21*, *27*, *273*, *277–279*, *284–286*, *288–289*, *306*, *311*
Révai, József *19*
Rodin *320*
Roosevelt, Frank Delano *3*, *5*, *13*
Rotta, Angelo *146*

S

Saláta, Kálmán *194*
Salburg family *359*
Sănătescu, Constantin *16–18*, *53*, *56*, *63–64*
Schärf, Adolf *311–312*
Scheffler, János *146*, *149*
Schimmel *296*
Schramm, Hermann *359*
Scurtu, N. *26*, *137*
Secaşiu, Claudiu *xii*
Seitz, Karl *276*, *311*
Semenenko *281–283*
Semptei, Gellért *148*
Sergeev *119–123*
Serov, Ivan A. *332*, *335*
Shavlak, M. M. *367*, *377*
Shepilov, D. *292*
Shevelev *322*
Shibaenko *320*
Shukin *325*
Shurigin *243*
Sidorov *47*
Simon, Elzear *148*
Smetana, Vít *5*, *28*
Smirnov, Andrei *276*, *278*, *340*, *353*
Sobow *160*
Solacolu, Mircea *89*, *96*
Spanoki *358*
Speiser, Paul *311*
Stakhanov, Nikolai Pavlovich *335*
Stalin, I. V. *1–6*, *8–11*, *13–14*, *16–22*, *25–28*, *57*, *65*, *68*, *102–103*, *128*, *139*, *175*, *185*, *187*, *217*, *220*, *255*, *258*, *271–273*, *276*, *278–279*, *303*, *314*, *327*, *360*, *362–363*, *366*
Stanciu, N. [Neagu, Stan I.] *45*, *50*, *52*
Stănescu, Gheorghe *31*
Stănescu, M. *32*
Stârcea, I. M. *65*
Stark, Tamás *xii*

Ştefănescu, Vasile *33*
Ştefăniu *38*
Stelzl-Marx, Barbara *xii*, *2*, *6*, *7*, *13*, *21–23*, *26*, *28*
Stoica, Chivu *138*
Stupi *122*
Sukliyan *296*
Sulyok, Dezső *210*
Suslov *352*
Szakasits, Árpád *175*, *177*, *184*, *206*
Szántó, Rezső *192*
Szeibel, János *148*

T

Tănăsescu, Gheorghe *34*
Tănăsescu, Vasile Şt. *51*
Ţârău, Virgiliu *xii*
Tătărescu, Gheorghe *66*, *88*, *95*, *100*, *103–106*, *108–109*, *112–114*
Taucher *371*
Teodor, Bangău *36*
Teodorescu, Eugen *130*
Theresa, Maria *83*
Tildy, Zoltán *19–20*, *191*
Timofeyev, P. P. *69*
Titkov, N. *275*
Tito, Josip Broz *8–9*, *189*, *363*, *366*
Tolbukhin, Fyodor I. *271*, *276*, *278–279*
Tomescu *37*
Truman, Harry S. *11*, *13–15*
Ţurcanu, Victor *89*, *92*

U

Uchitel' *320*
Ulea, Octav *65*
Urlăţeanu *32*
Uvarov *298–299*

V

Vaciov *34*
Vandenberg, Arthur *14*
Varga, Béla *191*, *194*
Varlamov *339*
Vasiliev *56*
Vijoli, Aurel *89*, *101*
Vinogradov, Vladislav Petrovici *39–40*, *53*, *56*, *59*, *63*, *86–87*
Vlăduţă, Ion I. *52*
Voicu, Maria *31*
Volosievici, Sergiu *89*
Voroshilov, Kliment E. *7*, *159*
Vulfovich, V. I. *242*, *247*
Vyshinskii, Andrei Ya. *17*, *20*, *68*, *278*, *300*, *353*, *356*, *363–364*, *366*

W

Wehrl, Rudolf *278*
Welter, Antal *243*

Y

Yatrov *128*, *132*

Z

Zakhvataev *292*
Zăroni, Romulus *88*, *98*, *100*
Zayzon, Gyula *157*
Zeicu, I. *89*, *92–93*
Zhdanov, A. A. *346*
Zheltov, Aleksei S. *276*, *278*, *284–285*, *289*
Zherebtsov *242*
Zhiyakov *359*
Zimin-Kovalev *325*
Zimmermann, Michael *xi*
Zinger, J. B. *242*
Zorin, Valeriyan *20*
Zubok, Vladislav *2*, *4*, *9*, *28*

"This fascinating collection of declassified documents from Austria, Hungary, Romania, and Russia sheds valuable comparative light on Soviet military occupation policies in Central Europe during the final year of World War II and the first several years after. The editors have done a splendid job of introducing and annotating the documents, allowing readers to trace the similarities and differences of the Soviet occupation regimes in Austria, Hungary, and Romania. The book not only reveals the Soviet Union's underlying political, military, and economic goals and methods in these three countries, but also vividly brings out what the occupation was like for ordinary people, including the atrocities perpetrated by Soviet troops against civilians. "

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